Doing Business in Canada:

2008 Country Commercial Guide for U.S. Companies

Approved by the U.S. Ambassador to Canada, this Guide provides a wealth of information for U.S. businesses pursuing export and investment opportunities in Canada. U.S. companies are invited to contact the U.S. Commercial Service and Foreign Agriculture Service contacts identified in this Guide for individual counseling and other personalized services to meet their market expansion needs.

Readers of a printed copy of this Guide may view a fully hyperlinked version online at the U.S. Export Portal, http://www.export.gov or by contacting the U.S. Commercial Service in Canada at http://www.buyusa.gov/canada/en/ccg.html.

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Chapter 1: Doing Business In (Insert Country Name Here)

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The United States and Canada share the world's longest open border. Ninety percent of Canada's 33 million people, a population one-tenth that of the United States, live within 100 miles of the U.S. border. As a result, the U.S. and Canadian economies are closely intertwined. Also, the United States and Canada are each other's largest trading partner, and the United States is the largest foreign investor in Canada and the most popular destination for Canadian investment. According to official Canadian statistics, in 2006, the two-way trade in goods amounted to approximately US $509 billion, representing US $1.4 billion of goods crossing the border each day. U.S. exports to Canada exceed U.S. exports to the entire European Union, even though the EU has 15 times Canada's population. The two-way trade that crosses the Ambassador Bridge between Michigan and Ontario equals all U.S. exports to Japan.

The trade relationship continues to grow. As of 2006 (the last full reporting period), U.S. goods exports to Canada were US $192 billion. Corresponding U.S. imports from Canada were US $317 billion. In 2006, the U.S. goods trade deficit with Canada was US$125 billion, largely due to high commodity prices. Approximately 80% of Canadian exports go to the U.S. while the U.S. share of Canada's total imports is about 55%.

Trade with Canada is facilitated by proximity, common culture, language, similar lifestyle pursuits, and the ease of travel among citizens for business or pleasure. American products have gained an increased competitive edge over goods from other countries as the North American Free Trade Agreement (NAFTA) and geographical proximity gives U.S. exporters an advantage.

A prime reason for the strength of the Canadian dollar is the strength of the Canadian economy. Canada's Gross Domestic Product in 2007 was estimated at US $1.1 trillion (Official Exchange Rate GDP), and it is forecasted to expand by 1.8 percent in 2008. The Consumer Price Index for December 2007 was up 2.4 percent over December 2006. In December 2007, Canada's employment rate was nearly 6.4 percent, a rate higher than that in the United States and most European countries. Canada's other leading economic indicators can be found on the website of Statistics Canada.

As is evident from these statistics, Canada is the most receptive market in the world for U.S. goods and services. U.S. companies that are new to exporting or interested in expanding their international business activities should contact the U.S. Commercial

Service in Canada and take advantage of the many programs and services available to them under the new "Canada First – Building Bridges to Prosperity" initiative.

Market Challenges

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Due to NAFTA, American-made products enter Canada almost entirely duty free. The North American Free Trade Agreement (NAFTA) came into force on January 1, 1994 and replaced the U.S.-Canada free trade agreement, which was implemented in 1989. The phase-out of tariffs between Canada and the United States was completed on January 1, 1998, except for tariff-rate quotas (TRQ) that Canada retains on certain supply-managed agricultural products. Canada still maintains some non-tariff barriers of concern at both the federal and provincial levels, impeding access to the Canadian market for U.S. goods and services. However, recent studies show that 99 percent of all trade passes the across the border without incident or without controversial trade restrictions. Many Canadian standards are harmonized with U.S. standards.

Doing business in Canada is not, however, exactly the same as in the United States, and U.S. companies should beware of the discrepancies (See Chapter 5). While customs documentation, bilingual labeling and packaging requirements and Canadian federal and provincial sales tax accounting may seem onerous at first compared to domestic shipments, most exporters find that, with a little experience, they can master the requirements. There are also many international trade professionals such as customs brokers, freight forwarders and consultants that can, for a fee, handle much of the research and paperwork for smaller exporters without international sales departments.

The key to achieving market penetration for export sales to Canada is making the transaction resemble as much as possible a Canadian domestic transaction for the Canadian customer. One good way to do that is for the U.S. exporter to become a non-resident importer and take the entire importing burden off the shoulders of the Canadian importer.

Market Opportunities

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The best prospect sectors over the 2008-2009 period are expected to be:

1. Security/Safety Equipment (SEC)
2. General Industrial Machinery (GIE)
3. Aerospace and Defense (DFN)
4. Electrical Power Systems (EPS)
5. Telecommunications Equipment (TEL)
6. Building Products (BLD)
7. Medical Devices (MED)
8. Travel and tourism (TRA)
9. Computer Software (CSF)
10. Computer Hardware and Peripherals (CPT)
11. Oil and Gas Field Machinery (OGM)
12. Automotive Parts and Service Equipment (APS)

The fastest growing commercial sectors in Canada are medical devices, security/safety equipment, general industrial machinery, aerospace and defense and electrical power systems. For Canadian companies upgrading their plants and equipment, as well as for those constructing new facilities, the United States is a principal source of new machinery and technology. This is especially true given the strength of the Canadian dollar. U.S. companies will continue to find Canada an extremely attractive and accessible place to do business.

Major project opportunities recently reported by U.S. Commercial Service Canada in the Market Research Library on the U.S. Export Portal website include:

- Alberta oil sands development
- Atlantic Canada renewable energy projects
- Ontario energy sector and Canada power projects
- British Columbia construction and port development projects
- Security projects for maritime and ports
- Ontario highway infrastructure projects
- Canada's strong defense budget

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Making direct shipments to Canadian customers may not require a visit to Canada unless pre-sales presentations or post-sales installation are required. However, to expand sales in Canada, it is essential to have a presence in the country, either by setting up an office or by appointing an agent or distributor. It is highly advisable to visit Canada as part of doing due diligence to meet and screen potential agents and distributors, and to establish a trusting business relationship. One of the best ways to meet potential business partners is to visit Canada by participating in U.S. Commercial Service Canada programs to bring American companies together with Canadian firms.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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Distribution channels in Canada vary greatly according to the products and commodities involved. Large industrial equipment, for example, is usually purchased directly by end-users. In contrast, smaller equipment and industrial supplies are frequently imported by wholesalers, exclusive distributors, or by manufacturers' sales subsidiaries. Many U.S. firms have historically appointed manufacturers' agents that regularly call on potential customers to develop the market.

Many sales agents expect to work on a two-tier commission basis. Agents receive a lower commission for contract shipments and a higher rate when purchases are made from the local agent's own stocks. Consumer goods are purchased by importing wholesalers, department stores, mail-order houses, chain stores, purchasing cooperatives, and many large, single-line retailers. Manufacturers' agents play an important role in the importation and distribution of consumer goods. In addition, the importance of department stores, mail-order houses and cooperative purchasing organizations as direct importers has increased substantially. Many of these groups have their own purchasing agents in the United States.

For assistance in identifying appropriate agents and distributors in Canada, U.S. companies new to exporting are advised to first contact the nearest U.S. Export Assistance Center for pre-export counseling. Companies with export experience are also invited to contact U.S. Commercial Service Canada to develop a customized program to find a business partner in Canada.

Establishing an Office

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U.S. companies can establish a representative office or branch office, set up a sole proprietorship or partnership, or incorporates a wholly owned subsidiary or joint venture in Canada. Corporations can be public or private, and incorporated federally or under the laws of a province. Fees for federal incorporation are CDN$200 when submitted on-line and CDN$250 for other types of submissions. Incorporation fees vary among the provinces, although most provinces charge between CDN$200-300. Private and public corporations incorporated federally under the Canada Corporations Act may operate nationally or in several provinces, but must still register as an extra-provincial corporation in each province in which it does business. Corporations Canada has a Joint Online Registration System that allows for extra-provincial registration for federal corporations with four provinces, namely Newfoundland and Labrador, Nova Scotia, Saskatchewan and Ontario. Registration fees vary by province.

Corporations incorporated in Quebec must adopt a corporate name in French under Section 63 of Quebec's Charter of the French Language. Extra-provincial corporations registered in Quebec must supply a French version of their corporate name. Firms considering establishing operations in Quebec are advised to contact the Office québécois de la langue française (Quebec Office of the French Language), that works with companies to develop plans for complying with Quebec's language laws.

Franchising

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According to the Canadian Franchise Association, Canada's franchising sector is comprised of more than 850 franchises and over 85,000 individual units, ranging from restaurants to non-food retail establishments, from automotive product retailers to purveyors of business services. Annual sales generated by franchises in Canada, that account for approximately 5 percent of total businesses in the country, total over US$85 billion, or 12 percent of Canada's Gross Domestic Product (GDP). It is recommended that each province or territory in Canada should be viewed as a unique market.

Canadian Franchise Market Overview	
Total Franchise Employment:	1,000,000
Value of the Canadian Franchise Industry	US$60 billion
Franchises as Total / Percent of Total GDP:	$100 Billion / 12%
Franchises in Canada	850+
Franchise Units in Canada	85,000

Source: Canadian Franchise Association

Canada is among the largest foreign markets for U.S. franchisors. U.S. franchisors have the advantage of strong recognition and familiarity with U.S. products and services by Canadian consumers. This facilitates the search for franchise investors. However, each

U.S. franchisor should do the necessary market research and financial analysis to determine that its concept will work in Canada, and make sure that all Canadian corporate registrations and other legal requirements are met, as part of its market expansion strategy.

Although there are no federal franchise laws, Ontario, and Alberta do have franchise-specific legislation, aimed at ensuring small business investors are better able to make informed decisions prior to committing to franchise agreements. Disclosure requirements provide prospective franchisees with information about how sellers plan to approach key contractual issues, such as termination, and afford buyers stronger legal remedies regarding court action. Similar legislation is under consideration in other provinces.

Direct Marketing

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Online sales in Canada represent an ever-expanding portion of the consumer marketplace. While e-commerce is currently in its infancy holding a 1 percent share of the retail market, online sales experienced their fifth consecutive year of double-digit growth in 2006, signaling its potential going forward. Moreover, combined private and public sector online sales surged 40% to $49.9 billion. Online sales by private firms increased 42% to $46.5 billion, while those by the public sector rose 17% to $3.4 billion. Of these, retail trade was one of the fastest growing sectors. Retail firms sold goods and services online worth $4.7 billion last year. This was nearly double the revised figure in 2005, and it accounted for 10% of all private sector online sales. In the retail sector alone, more than 15% of firms sold online in 2006, up from 10% in 2005, while nationally 8 percent of Canadian firms conducted e-commerce transactions last year, up from 7 percent in 2005.

The vast majority of online sales still occur between firms as part of business-to-business (B2B) sales, as opposed to sales from a firm to an individual consumer. Sales from business to business amounted to $31.4 billion, which represented approximately 68% of total e-commerce by private firms, unchanged from the year before. In 2006, 45% of Canadian organizations made purchases online.

Wholesale trade

In 2006, wholesale trade accounted for 18.5 percent of total sales, the highest proportion of the four leading sectors. It was followed by transportation and warehousing, which represented 17.9 percent, and by manufacturing, with 14.2 percent.

Retail trade

The 2006 Survey of Electronic Commerce and Technology released by Statistics Canada announced a substantial surge in e-commerce usage from the previous year. More than one out three retail firms with at least 100 employees conducted e-commerce sales. The proportion of Canadian retail firms with a website increased to 46 percent in 2006, up 4 percent from 2005. What's more, 88 percent of companies with more than 100 employees offer a website.

Perhaps more importantly, several retail firms have overcome barriers to online shopping by applying innovative purchase and delivery solutions while adapting their product(s) to suit the online buyer. In 2006, the most significant benefit of conducting e-commerce sales perceived by Canadian retail firms was the ability to reach new potential customers. Over 40 percent of Canadian firms that conducted e-commerce felt this was a benefit, up from 35 percent in 2005. About 37 percent of retail firms felt that a benefit of conducting e-commerce was better coordination with their suppliers, customers and/or partners.

Internet Usage

Internet use in Canada continues to rise across the country, with current statistics indicating 68 percent of the population participates in online activity. Three provinces – Ontario (72 percent), Alberta (71 percent) and British Columbia (69 percent) - lead the way in Internet utilization with usage rates exceeding the national average, particularly at home or work. (Note: Internet usage and its value can be found by visiting Statistics Canada at http://www40.statcan.ca/l01/cst01/index.htm

Shipping Goods to Canada

The following documentation is required for exports to Canada:

- Bill of landing;
- Manifest or cargo control document
- Commercial invoice
- All necessary permits
- Any questions regarding additional documentation (such as a NAFTA Certificate of Origin or H.S. Tariff classification numbers) should be directed to the Canadian Boarder Services Agency (CBSA). http://www.cbsa-asfc.gc.ca/menu-eng.html

It should be noted that costs associated with customs clearance are relevant to the product in question, and its country of origin. That is, different products will incur different costs. For more information regarding customs fees refer to the CBSA website.

Additionally, a customs broker is useful in facilitating the customs clearance process. The customs broker will act on your behalf to represent you to the CBSA. The customs broker will work with you to streamline the customs process and manage other details critical to the exporting and importing of goods legally and as quickly as possible.

To manage customs clearance charges, low volume shipments should be sent by air courier or by mail, and not "ground delivery." Exporters with a sufficient volume of Canadian orders should explore developing a customized shipping program with a courier service, package delivery service, mail consolidator or customs broker/freight forwarder. Many of these companies offer, on their websites, innovative solutions to cross-border shipment such as combining bulk shipment and customs clearance at the border with individual package delivery to the Canadian consumer. These services can also be combined with Canada's non-resident importer program, in which the U.S. exporter includes all shipping, customs clearances and duties and taxes in the shipping and handling fees charged to the customer, who could even be charged in Canadian dollars. In this way, the transaction appears to the Canadian consumer as a domestic transaction. This makes the ordering process transparent to the customer, helping build Canadian sales.

It is recommended that individual parcel shipments (internet orders) to Canadian consumers be sent by mail or air courier service. While international shipping to Canada using "ground delivery" may be convenient to the shipper, and the shipping cost itself may be economical, the problem with using "ground delivery" for shipments valued at more than CDN$20 is that the ground package delivery service typically must clear the parcel individually through Canadian customs at the border, with the necessary time-consuming paperwork, for which the company charges the Canadian customer the brokerage charges and related fees as well as Canadian customs duties and federal and provincial sales taxes.

The result is that the total cost to the consumer is much higher than shipment by mail, for which Canada Post charges only CDN$5 for customs clearance of dutiable or taxable mail items of a value in excess of CDN$20 (duties and taxes must still be paid by the customer). Sometimes these fees and charges can exceed the value of the parcel, and can be an unpleasant and painful surprise to the customer. The CBSA does not assess duty or tax on mail items valued at CDN$20 or less. However, this general rule does not apply to certain products including intoxicating beverages, cigars, cigarettes, manufactured tobacco, and publications where the supplier is required to register under the *Excise Tax Act*. Visit the CBSA web site at for more information on mail imports.

Joint Ventures/Licensing

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In the broadest sense, any arrangement in which two or more businesses combine resources for some definable undertaking is considered a joint venture. The Canadian legal system provides great flexibility and imposes few restrictions as to the form that joint ventures may take, such as equity or non-equity. Some joint ventures require approval from the Government of Canada under the Investment Canada Act. Approval is based on the "net benefit" of the venture to Canada. The "net benefit" criteria include: the level of Canadian participation; the positive impact on productivity; technological development; product innovation; industrial efficiency; and product variety in Canada. In certain key industries, joint ventures with Canadian partners may prove to be the most effective or, in some cases, the only means of market entry for U.S. companies.

There are a variety of reasons that Canada is an attractive market for foreign licensors. Most notably, Canada has no regulatory scheme governing licensing arrangements. Foreign licensors also do not require registration or public disclosure. Moreover, the Investment Canada Act has no direct application to licensing unless it relates in some way to the control of a Canadian enterprise.

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The Government of Canada buys approximately US$12 billion worth of goods and services every year from thousands of suppliers. There are over 85 departments, agencies, Crown Corporations and Special Operating Agencies. Public Works and Government Services Canada (PWGSC) is the government's largest purchasing organization, averaging 60,000 contracts totaling US$8.5 billion annually. While PWGSC buys goods for most departments of the federal government, the departments buy most services themselves.

Chapter Ten of the North American Free Trade Agreement (NAFTA) provides national treatment in Canada for U.S. companies on Canadian federal government procurement contracts above the following thresholds:

- Contracts of CDN$32,400 or more offered by a federal entity such as a Department or Agency for goods. The list of these federal entities was expanded to include Communications Canada, Transport Canada, and the Ministry of Fisheries and Oceans.

- Contracts of CDN$84,000 or more offered by a federal entity for services.

- Contracts of CDN$10.9 million or more offered by a federal entity for construction services.

- Contracts of CDN$420,000 or more offered by a Crown corporation or other federal government enterprise for goods and services. The list of these corporations includes the St. Lawrence Seaway Authority, The Royal Canadian Mint, the Canadian National Railway, Via Rail, Canada Post, and numerous others.

- Contracts of CDN$13.4 million offered by crown corporations or federal government enterprises for constructions services.

In addition to NAFTA, the WTO Agreement on Government Procurement (WTO-AGP) applies to most federal government departments. This multilateral agreement aims to secure greater international competition. The WTO-AGP applies to the procurement of goods and services valued at CDN$245,000 or more, and construction requirements valued at CDN$9.4 million or more.

Provincial and local procurements generally do not offer national treatment opportunities to U.S. companies as they are excluded from Chapter Ten of NAFTA. However, provincial and local government entities such as Ontario may still hold opportunities for U.S. goods and services.

PWGSC is responsible for ensuring conformity with Canada's trade obligations under the NAFTA and the WTO-AGP. PWGSC handles the federal government's procurement requirements in the following areas:

- architectural and engineering consulting services
- construction and maintenance services
- goods and services

PWGSC may incorporate terms and conditions contained in the Standard Acquisition Clauses and Conditions (SACC) Manual by reference into procurement documents. Business Access Canada (formerly Contracts Canada) is an inter-departmental initiative to improve supplier and buyer awareness and simplify access to federal government purchasing information. The Canadian government's official Internet-based electronic tendering service MERX gives subscribers access to more than 1,500 open tenders from the federal government, provincial governments, and many municipalities, school boards, universities, and hospitals that are subject to Canada's trade agreements. Approximately 200 new tenders are posted daily.

The MERX system provides U.S. suppliers with easy access and excellent opportunities to sell a wide range of products and services to Canada's public sector. The Basic Subscriber package is free of charge providing U.S. companies with access to Federal Government procurement opportunities. From there, it is possible to search, view and download tender documents at no charge. This package also includes a free delivery of Opportunity Matching results, and one free Opportunity Matching Profile that automatically searches for opportunities of interest to a company's criteria in the profile it can create. In order to access opportunities, other than federal government opportunities, users must subscribe to one of the fee-based packages.

In addition, the Supplier Registration Information (SRI) service is used by federal government buyers to identify potential suppliers for purchases not subject to any of the trade agreements (for which they use MERX).

The Canadian government's fiscal year is from April 1 to March 31.

More information can be found at U.S. Export Portal in a report entitled Accessing Government Procurement at the Federal and Provincial Levels.

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Sales to Canadian companies are handled through relatively short marketing channels, and in many cases products move directly from manufacturer to end-user. A large number of Canadian industries are dominated by a handful of companies that are highly concentrated geographically. In many cases, 90 percent or more of the prospective customers for an industrial product are located in or near two or three cities. Canada's consumer goods market, on the other hand, is much more widely dispersed than its industrial market. The use of marketing intermediaries in consumer goods is common practice. Often, complete coverage of the consumer market requires representation in the various regions of Canada. Toronto, the largest metropolitan area and commercial center of the country, is usually the most logical location for establishing a sales agent/representative and/or distributor. From a regional perspective, the country may be divided geographically into six distinct markets, plus the territories. Establishing representation in each of these markets provides optimal coverage and the ability to target promotional programs to suit specialized market needs.

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Selling in Canada is similar to selling in the United States, despite the differences in standards and regulations and French-language requirements. The biggest difference is in adapting sales methods in the six marketing regions in Canada. Some of these differences will have an impact on the way U.S. firms approach these markets. These regions are:

The Atlantic Provinces: New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

The Province of Quebec

The Province of Ontario

The Prairie Provinces: Manitoba, Saskatchewan, and Alberta

The Province of British Columbia

The Territories: the Yukon, the Northwest Territories, and Nunavut

The Atlantic Provinces

The Atlantic Provinces represent a geographic area close to the size of France and have a combined population of 2.4 million. The only Atlantic province that borders a U.S. state (Maine) is New Brunswick, and it is, therefore, one of the principal entry points for American-made goods. Additional products enter the region through distribution centers in Ontario and Quebec, adding significantly to the total sales and consumption of U.S. products in this region. This most eastern Canadian region is known for their resource sectors, notably the major energy projects, and the diverse industries represented in its four, economically independent provinces: New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island.

Historically, the Atlantic Provinces have been net importers of finished products, and exporters of resource-based and semi-processed materials and services. This traditional mix has changed over recent years as services, IT products, and assorted finished goods are exported from the region, along with fishery and forestry products, and natural gas. The region enjoys strong relationships with states in the northeast U.S., the result of a long-standing trading pattern that began before Canadian confederation. However, with the support of the Canadian federal and provincial governments, companies in all four provinces have increased that reach to include many other U.S. states.

Well-placed distributors, agents, and manufacturer's representatives, many of whom have long established relationships with U.S. suppliers across diverse sectors, serve local and regional business. Because of the geographic distance between U.S. suppliers and these four provincial markets, some type of local representation in the region is normally essential for sales success.

Buyers in the area regularly state that American companies are best served by representatives located in the Atlantic Provinces, rather than relying on those based in

Ontario or Quebec. Personal contact between vendor and purchaser is highly valued in this part of Canada, and, where pricing and other factors are not major issues, these relationships can greatly influence the success of a U.S. company in this market. This is very important for new-to-market companies, where an intimate knowledge of local business practices often makes the difference between success and failure. Typical are those situations requiring after-sale service or high levels of quality control, as is often seen in sales to governments and institutions. Purchasing requirements are not necessarily the same in every province, even though product specifications may be similar. Population size should not be the sole indicator for determining market potential. A diverse industrial base, major projects, international traders, and seasonal industries such as tourism, all contribute to major procurements for the region and for offshore markets.

For major projects, business relationships such as joint ventures, partnering, and various forms of alliances and consortia have all been applied successfully and are viewed by local business as an effective way to win sales. The energy sector continues to provide an economic push to the region with work on the Panuke offshore gas field moving ahead in 2007 as well as four LNG plants at various stages of planning or construction. Also, this part of Canada is known for the significant number of telecommunications companies, a high level of activity in marine technologies, and a strong environmental sector.

The Province of Quebec

The province of Quebec is Canada's second largest economic region after Ontario with a GDP estimated at $300 billion in 2007. However, Quebec could be surpassed by Alberta in this regard by the year 2010. Quebec is North American in geography, French in origin, and British in parliamentary tradition. Of its 7.7 million people, representing 23.4 percent of Canada's population, 80 percent are French-speaking. However, Quebec is home to an increasingly diverse, pluralistic society exposed to highly competitive global markets. The capital of the province, Quebec City, has a metro population of 728,000. Montreal is the province's commercial, industrial and economic center with a majority French-speaking population of 3.7 million that is largely bilingual in English. The Board of Trade of Metropolitan Montreal is the province's largest business network and its members constitute the driving power in Quebec's economy. Many U.S. companies have sales and manufacturing facilities in Quebec.

The export-driven-manufacturing sector that accounts for over 20 percent of the province's economy is facing challenges in 2008 and beyond. Quebec's forestry sector relies heavily on exports and is pressured by a strong currency and crumbling U.S. housing market. In addition, Quebec is entering a manpower shortage situation that could last for more than a decade according to current trends. Quebec's economy grew at a rate of 2.1 percent in 2007 but is expected to slow down to approximately 1.6 to 1.8 percent ranges in 2008.

With an abundance of natural resources and energy, Quebec remains economically attractive, particularly in mining, and a North-American leader in aluminum and magnesium production, as well as for hydroelectricity. The manufacturing and service sectors continue to provide stability to Quebec's highly industrialized economy. Strong performance in aerospace, telecommunications, pharmaceuticals, biotechnology and information technology sectors will help Quebec maintain its status as a high-tech powerhouse.

Overall, Quebec represents one fifth of Canada's economy with a very significant presence in the sectors of information technologies, aerospace production, pharmaceuticals and biotechnologies.

U.S.-Quebec two-way trade of US$72 billion (2006) ranks Quebec in the top-10 trading partners with the United States. Quebec's imports of goods from the United States of nearly US$22 billion (2006) represent over 30 percent of Quebec's imports from outside Canada. Leading imports from the United States are vehicles, semi-conductors and electronic components, aircraft engines and parts, drugs and pharmaceuticals, and, IT equipment. Companies in the aerospace, pharmaceutical, biotechnology and information technology sectors are heavy importers of goods, services, parts, equipment and supplies from the United States.

French Canadians are North Americans, with buying habits that are similar to people in English-speaking Canada and the United States. It should not be assumed that their patterns of consumption would be similar to France any more than it would be appropriate to assume that Americans' consumption patterns reflect Britain. Since the predominant language is the Quebec dialect of French (analogous to the relationship of American English to British English), promotion and packaging need to reflect local needs as well as Quebec's French-language requirements.

The Province of Ontario

Ontario's 12 million people (almost 40 percent of Canada's total population) help make it the country's most dynamic province. Ontario is the economic engine of Canada due to its substantial and highly diverse industrial base. Ontario's capital, Toronto, is Canada's commercial center, home to half the country's largest financial institutions, 90 percent of its international banks, and over 75 percent of U.S. subsidiaries in Canada. Toronto has a truly diverse population with people from over 100 different countries. Located in the heart of North America, Ontario provides easy access to prosperous consumer and industrial markets. The province has a modern, integrated transportation infrastructure, including commuter and urban public transit, an excellent rail system, worldwide cargo aviation systems, and extensive in-land and international marine shipping facilities.

Ontario's real gross domestic product (GDP) growth is projected at 1.8 percent in 2008, 2.4 percent in 2009 and 2.8 percent in 2010. Ontario's real GDP rose at an annual rate of 2.3 percent in the second quarter of 2007, following growth of 3.2 percent in the first quarter. Moderate growth is expected to continue through 2008 as U.S. demand remains soft and the higher Canadian dollar and oil prices create challenges for Ontario businesses. Ontario's strong economic fundamentals include a well–educated and highly skilled population, a diversified industrial structure, and modern infrastructure. These strong fundamentals ensure the province is well positioned to manage both the challenges and opportunities ahead. Ontario's strong economic foundation and a rebound in U.S. economic activity are expected to boost growth in 2009 and 2010. Business investment spending is expected to lead growth as firms invest to improve their competitive position. Continued employment growth, strong income gains, low interest rates and increasing wealth will support growing household spending. Ontario's exports are expected to strengthen as U.S. auto demand picks up, the new Toyota plant in Woodstock comes on stream, and exports to the rest of the world continue to accelerate.

The outlook for business investment remains positive over the forecast horizon. Healthy balance sheets will continue to contribute to a positive investment climate. Corporate profits as a share of GDP are projected to average 12.0 percent in 2007 through 2010, above the historical average of 10.0 percent. Corporate profits are projected to increase by an average of 5.2 percent from 2008 through 2010.

Real spending on machinery and equipment is projected to rise 5.0 percent annually from 2008 through 2010. Strong investment spending continued through the first half of 2007, with real machinery and equipment spending up 6.1 percent and real non–residential construction spending up 5.1 percent. Machinery and equipment investment give firms access to leading–edge technologies, improving productivity and enhancing competitiveness. Lower costs of imports will continue to contribute to strong investment in machinery and equipment.

Ontario's highly diversified economy offers excellent opportunities in all sectors ranging from automotive, plastics, and aerospace to information and telecommunications technology, computer software, and the life sciences. Knowledge-intensive industries such as computers, software, and medical technologies are among the fastest growing sectors in Ontario. The automotive industry accounts for 21 percent of Ontario's manufacturing output and 45 percent of its exports. Ontario rivals the State of Michigan as North America's largest auto assembly center. Ontario is the nucleus of the Canadian high-tech industry. Ottawa, Canada's national capital is an important center for both the telecom and photonics industries. The city's high-tech sector has attracted the attention of numerous information technology and telecommunications companies from across the United States. Ottawa is home to high-tech companies such as Nortel Networks, Corel Corporation, and Research in Motion (RIM). Toronto is especially strong in software and related technologies, including e-commerce. There are more than 3,000 information technology firms in the Greater Toronto Area alone, with annual revenues of US$24 billion dollars.

While Toronto is the center of the province's commercial activity, the neighboring cities of Mississauga, Markham, and Oakville also offer opportunities to U.S. companies. Of the 4,000 U.S. companies registered in the province, almost 700 U.S. companies have operations in Mississauga alone, the sixth largest city in Canada. That number includes 57 "Fortune 100" U.S. companies that have their Canadian headquarters there.

In addition to being Canada's commercial and industrial heartland, Ontario produces more than 200 agricultural commodities, a diversity unmatched in most parts of the world. Ontario is a world leader in food technology research and development as well. The province also accounts for 30 percent of Canada's mineral mining and 20 percent of its forestry products.

Opportunities for new power generation units based on gas, nuclear, wind and solar energy will come on stream as Ontario's Integrated Power System Plan (IPSP) is implemented in 2008 and beyond. As announced by the Ontario Government on November 14, 2006, coal-fired generating plants will remain in operation until 2014 and likely beyond as plans are under discussion to look at new technologies such as gasification so as to lower/eliminate coal emitting pollutants in the future.

Strong growth in commercial and industrial construction is also expected, reflecting investment by utilities, transportation and warehousing, retail trade, and finance, insurance and real estate. Total real commercial and industrial construction spending is expected to increase 2.9 percent annually from 2008 through 2010.

Major chambers of commerce are the Toronto Board of Trade and the Greater Ottawa Chamber of Commerce. The American Chamber of Commerce has five chapters in Canada with its head office in Toronto.

The Prairie Provinces

The Prairie Provinces -- Manitoba, Saskatchewan, and Alberta -- have rich natural resources that have long provided a strong economy. They account for four-fifths of Canada's agricultural land and over two-thirds of its total mineral production, including over ninety percent of its fossil fuels. As these primary industries' contribution to GDP has fallen almost steadily for four decades, the Prairies have steadily diversified their economic base with manufacturing and services. In 2006 combined GDP was approximately US$325 billion.

The Prairie Provinces will continue to thrive in 2008. Alberta's economy is firing on all cylinders due to the oil and gas sector; real GDP growth will grow from 5 percent in 2007 to 6.6 percent in 2008. Manitoba will enjoy solid growth of 3.7 percent in 2008 due to stellar performances in construction, mining and agriculture. Saskatchewan's prospects depend on agriculture, mining and oil and gas. High oil, gas and uranium prices have spurred strong exploration activity and real GDP growth is expected to be 2.5 percent in 2008.

Today, the region's economy, led by Alberta, outpaces the nation, and the three provinces have the lowest unemployment rates in the country. The region's economy is driven in large measure by the energy sector, and has led to a dramatic expansion in the region's trade with the United States. In the last four years, for example, Prairie exports to, and imports from, the United States has risen by over by 60 percent and 25 percent, respectively.

Driven by strong exports, the food-processing sector has grown steadily and remains the Prairies' largest manufacturing industry. However, all manufacturing sectors, in particular machinery and transport equipment, are recording solid growth and represent excellent markets for U.S. intermediate component, production, and capital equipment suppliers. Service sectors are also blossoming, particularly in the logistics and transportation sectors.

Canada is the largest single source of imported hydrocarbons for the United States. Currently, most of Canadian energy exports originate in Alberta, home to the corporate headquarters of the country's oil and gas industry. Steadily rising U.S. demand for natural gas has led to a proliferation of new pipeline projects and large expansions in exploration, drilling, and other production activity. Surging oil prices have accelerated major long-term projects for developing Alberta's huge resources of oil tar sands. This expanded activity has greatly increased export and merger opportunities for U.S. firms that today boast 40 percent industry ownership. Construction expenditures in Alberta, led in large measure by the energy sector, and aided by the province's rapid population growth, are double the national average: the Calgary/Edmonton corridor recently was found to have the highest per capita income in all of North America.

Over the past few years, numerous U.S. firms have selected an agent or distributor located in the Prairies to handle their product lines or services in this area. Regional distributors can better cover this broad expanse of territory than can representatives from the East. Also, inter-provincial trade barriers and significant transportation costs make it easier for U.S. firms located in states directly south of the border to export northward into this region, than for firms based in eastern Canada to distribute U.S.-origin products westward to the Prairies.

The chambers of commerce of Alberta's major cities of Calgary and Edmonton are among over 100 members of the Alberta Chambers of Commerce. The members of the Manitoba Chambers of Commerce include the community chambers of commerce in the province. The Saskatchewan Chamber of Commerce is separate from the community chambers of commerce in the province.

The Province of British Columbia

The province of British Columbia (BC), located on the country's scenic West coast and is renowned for its abundant natural resources and multi-ethnic population. British Columbia also boasts the following attributes that should be of interest to U.S. exporters.

1) A highly business-oriented provincial government that drastically improved the commercial climate;
2) A large economy hosting a GDP of over US$176.6 billion in 2006;
3) Imports from the U.S. registered at over US$14 billion in 2006;
4) Canada's gateway to the Asian Pacific region.

The city of Vancouver, a cosmopolitan center with a population of over 2 million inhabitants, won the bid to host the 2010 Winter Olympics and is preparing to host the world. Winning the bid spurred a major boom in infrastructure construction including a US$320 million expansion of the Vancouver Convention and Exhibition Center that will be home to the international media during the 2010 Winter Olympics.

In 2006, B.C.'s high tech sector was valued at over US$9.4 billion, the highest level ever recorded. British Columbia's high technology sector is still relatively small, but it is growing and has gained a foothold in the provincial economy. The province is now home to a number of high tech clusters in areas such as digital media, biotechnology and "green" technologies that are world-class and, in some cases, world leaders. Developments such as a new masters program in digital media offered by several BC educational institutions and the opening of a new Microsoft facility in Vancouver will further enhance the province's tech sector.

British Columbia's key industries include:

1) Manufacturing – GDP valued at US$16.1 billion in 2006;
2) Construction –valued at US$8.9 billion in 2006;
3) Agriculture, Forestry, Fishing and Hunting –together contributed US$4.8 billion to BC's GDP in 2006;
4) Wood Product Manufacturing – valued at US$4.8 billion;

5) Mining, Oil and Gas Extraction – goods and services in this industry was valued at US$4.3 billion.

In addition, a number of other industries also offer export opportunities for U.S. firms: computer software & hardware, telecommunications equipment, aerospace products, life sciences equipment, computer integrated manufacturing components, electronics equipment, biotech equipment, environmental technology parts and components, and management consulting services.

British Columbia's role as a "Gateway to Asia" continues to grow and develop. The large Asian business community, with especially strong ties in China, Taiwan, and Hong Kong, often serve as agents for governments and businesses in those markets. They source many products and services from the United States.

The Territories: the Yukon, the Northwest Territories, and Nunavut

Stretching across the north are the territories namely, Yukon, Northwest Territories, and Nunavut. The territories occupy roughly one-third of Canada's landmass, but are home to approximately only 100,000 people. Despite this sparse population, there are trade opportunities in certain sectors.

Mining and related mineral exploration offer the greatest opportunities in all three of the territories. The government of the Northwest Territories is encouraging the establishment of a secondary diamond industry (cutting, polishing, and valuation) to complement the main diamond-mining sector. Tourism and related support industries are also growing as the three regions encourage adventure travel to these remote northern sites.

The Yukon Territory has a population of 30,000 contributing US$1.5 billion to Canada's GDP in 2005. The Yukon economy is highly dependent on three major sectors: government spending, mining and tourism. Agriculture is a small but expanding sector, although its growth is limited by climate and the availability of productive land.

There has been continued interest demonstrated to bring natural gas from Alaska to the lower 48 states via the Yukon. The potential projects in the MacKenzie Valley Pipeline and Alaska Highway Gas Pipeline would substantially impact the economy.

Nunavut, Canada's newest territory was created on April 1, 1999. Premier Paul Okalik and seven cabinet caucus members oversee Nunavut's growing economy. New opportunities in mineral exploration of diamond, gold and base metals are transforming the economy and creating opportunities in Canada's far north. In addition, Nunavut's oil and gas reserves will in the future provide the world with a stable and safe energy source and strengthening Nunavut's economic self-reliance.

Electronic Commerce

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Canada's e-commerce infrastructure is highly developed and closely integrated with that of the United States. This starts with the integrated telephone system, in which Canada shares the "001" country code with the United States, and has area codes that are part of the U.S. system. Broadband Internet access is offered throughout Canada using much of the same equipment as in the United States.

Information flows freely across the border, and without difficulty. Data flows are virtually uninhibited. For example, the primary message-processing center for the Blackberry system is located in Ontario, with the messages destined for U.S. destinations passing through Canada on their path. However, U.S. companies including medical equipment manufacturers should be aware that they may need to comply with Canada's federal data privacy laws, including the Privacy Act and the Personal Information Protection and Electronic Documents Act (PIPEDA), as well as provincial privacy laws, all which can affect their business. In the WTO context, Canada has consistently supported the U.S. initiative for duty-free cyberspace. The Canadian Radio-Television and Telecommunications Commission (CRTC) announced in 1999 that it would not attempt to regulate the Internet, a decision that was subject to review after five years (i.e., in 2004). That review has not yet begun; however, there is growing pressure from the Canadian broadcasting community for greater regulation, especially with respect to Canadian content. In May 2005, the CRTC announced that it would regulate VoIP service only when used as local telephone service. To date, the only regulation in place requires local VoIP service providers to provide specific notification to current and prospective customers regarding their 9-1-1 service.

Canada's Personal Information Protection and Electronic Documents Act, that took effect on January 1, 2001, requires persons or firms that collect personal information during the course of commercial activities to inform the subject of all purposes to which the data may be put and to obtain informed consent for its use.

U.S. companies who wish to carry out Internet transactions with Canadians do not need to set up a separate website. Many U.S. companies have integrated Canadian transactions into their current websites. Others have links, and maintain a **.ca** domain separate from their **.com** site. This is done primarily for marketing purposes.

U.S. companies selling to Canadian business and consumers over the Internet should have procedures in place to meet Canadian customs requirements and look at ways to reduce expenses and inconvenience to their Canadian customers that cross-border shipping can entail.

Trade Promotion and Advertising

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Business-to-Business Advertising

Like in the United States, the Internet is a prime means of business-to-business advertising. Canada's national newspapers and regional business newspapers in both English and French are also a means of reaching business customers. Industry-specific trade publications, including trade association journals and newspapers and other magazines sent to their members or to specific audiences without charge, also typically carry a large amount of advertising and serve almost every major industry sector in Canada. The U.S. Commercial Service in Canada can help U.S. companies place advertisements in targeted industry publications under one or more of the U.S.

Commercial Service Canada's customized fee-paid programs. U.S. Commercial Service (USCS) clients are also featured on the U.S. Commercial Service Canada website.

U.S. exporters to Canada can also promote their products and services to Canadian customers and other business partners at both Canadian and U.S. trade shows. USCS Canada also works with Canadian trade fair organizers throughout the country to organize U.S. Pavilions in trade shows. The Canadian Government has a listing of Canadian trade shows, that they promote for export purposes just as the U.S. Commercial Service promotes U.S. trade shows under the International Buyers Program.

Advertising to Consumers

Television advertising accounts for the largest percentage of net advertising revenues, followed by advertising in magazines and newspapers. Over 600 advertising agencies operate throughout Canada and a number of these are subsidiaries of U.S. companies. Canadian advertising rates are generally comparable with those in the United States.

Although a majority of Canadians speak English, the French-speaking areas, concentrated in Quebec province, should be considered a distinct market. Quebec is well served by French-language press, radio and television. Advertising directed toward this market should be specifically tailored to Quebec's distinct cultural identity, consumer tastes, preferences and styles.

Daily Newspapers

According to the circulation statistics of the Canadian Newspaper Association, there are currently more than 100 daily newspapers in Canada, of which approximately 90 percent are published in English and the remainder in French. For more information on the Canadian Newspaper Industry read the recently published report "A Profile of the Canadian Daily Newspaper and its Association."

Canada's two daily national newspapers with substantial business sections are The Globe and Mail, published in Toronto and part of the Bell Globemedia conglomerate which includes the Bell Canada telephone company, and The National Post, also published in Toronto and part of the CanWest media conglomerate based in Winnipeg that also includes The Gazette, Montreal's main English-language newspaper. The Toronto Star is also available throughout the entire country.

Television and Radio

More than 89 percent of Canadian households have at least two television sets and approximately 98 percent of Canadians have some form of audio equipment (e.g. radio or CD player). Hundreds of public and commercial firms operate cable television and major broadcasting stations in metropolitan areas, though ownership is fairly limited. According to official statistics, over 10.4 million Canadians subscribed to cable or satellite television.

The Canadian Broadcasting Corporation/Radio-Canada (CBC/Radio-Canada) is Canada's national public broadcaster and operates in Canada in both English- and

French languages as well eight aboriginal languages and operates internationally in nine languages. CBC/Radio Canada offers 6 radio stations, 6 television networks, digital audio service under the brand Galaxie and owns 40 percent of satellite radio Sirius Canada. CBC/Radio-Canada accepts advertising that must meet its advertising standards.

There are two private national television networks: CTV, part of the CTVGlobemedia conglomerate, broadcasting on two English-language channels (regular programming and all-news) and Global Television, part of the CanWest conglomerate, broadcasting on one English language channel. There are also 105 independent television stations in Canada.

Most of the Canadian cable TV stations carry a wide variety of U.S. television channels, some with U.S. commercials, some with Canadian commercials. Canadian cable TV also carries a number of local TV stations operating in cities near the Canadian border such as Seattle and Burlington that target commercials to their Canadian audiences.

Radio advertising is largely local.

Pricing

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As in the United States, product pricing is key to remaining competitive. U.S. companies should research whether their products will be price-competitive in Canada as part of their market entry strategy, keeping in mind the high federal and provincial sales taxes that are charged to both domestic and imported goods.

End-user prices of U.S. products and services to Canadian customers can also be substantially affected by exchange rate changes between the U.S. dollar and the Canadian dollar. When the U.S. dollar goes up in value against the Canadian dollar, the U.S. exporter may be forced to raise its prices to the Canadian importer, or by pricing in Canadian dollars, to absorb the increase and keep its price down. When the Canadian dollar goes up against the U.S. dollar, the U.S. exporter can cut its prices, or by pricing in Canadian dollars, retain the extra profit.

Since 2002 the Canadian dollar has risen 60 percent against the U.S. dollar: in 2002, the Canadian dollar was worth only about 64 cents, while in 2005, it was worth over 83 cents, and in late-2007, it briefly reached a high of 1.10 cents, but has since hovered at or just below par. This potentially gives U.S. exporters a big price advantage. In addition, since the U.S. dollar has fallen against the euro, the British pound, and the yen, American companies have similar pricing advantages against imports from Europe and Japan as well.

Sales Service/Customer Support

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Canadian companies have a strong awareness of, and preference for, U.S. products and services. Nevertheless, Canadian customers, whether corporate or individual, demand high-quality sales service and after-sale customer support. Corporate clients often expect the U.S. seller to have an agent or distributor whom they can contact immediately should any problems arise. Like their counterparts in the United States, Canadian customers expect fast service and emergency replacement if required.

U.S. exports of private commercial services (i.e., excluding military and government) to Canada were $32.5 billion in 2005, and U.S. imports were $22.0 billion. Sales of services in Canada by majority U.S.-owned affiliates were $41.7 billion in 2003 (latest data available), while sales of services in the United States by majority Canada-owned firms were $40.5 billion.

An American company entering Canada should evaluate its system of after-sale service and support in the U.S. market, and replicate that network as closely as possible in the Canadian market. If the market demands a strong network of sales and after-sale service in the United States, it is probable that success in Canada will depend on appointing agents who can provide that service. There are many companies in Canada that can offer service as an agent or representative, or on a retainer basis. Alternatively, many U.S. companies have found that establishing a toll-free telephone number that services both Canada and the United States is extremely useful in maintaining contact with customers. This gives Canadian customers instant access to U.S. vendors for solving problems, answering questions, or simply providing a higher "comfort level" with a new product.

If possible, sales and service should be handled within Canada. It can be expensive and time-consuming to handle product returns, exchanges, and warranty repairs cross-border due to the customs documentation required.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property rights in Canada. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Canada than in the U.S. Third, rights must be registered and enforced in Canada, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Canada. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Canada require constant attention. Work with legal counsel familiar with Canadian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Canada or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at http:/www.StopFakes.gov

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

The Canadian Intellectual Property Office website has guides to registration in Canada of patents, trademarks, copyrights, industrial designs and integrated circuit topographies. The most important intellectual property rights are patents, trademarks and copyrights.

Patents

The Patent Act and Patent Rules govern patents in Canada. The Act allows for patenting of processes as well as products. Like most of the world, with the exception of the United States, Canada has a "first to file" system. An invention must demonstrate novelty, utility and ingenuity. Patent examination is not automatic; it must be requested separately from the patent application. Patent applications are made public 18 months after their Canadian filing date, or an earlier foreign filing date, if applicable. Provisions exist for payment of maintenance for pending applications and issued patents. Under Article 44 of the Patent Act, the patent term is 20 years from the filing date.

An applicant for a patent who does not appear to reside or carry on business at a specified address in Canada shall, on the filing date of the application, appoint as a representative a person or firm residing or carrying on business at a specified address in Canada.

Besides the Paris Convention on the Protection of Industrial Property, that gives priority in time to U.S. patent registrants based on their U.S. patent application date, Canada is also signatory of the Patent Cooperation Treaty, which provides for foreign patent protection in Canada for companies of other treaty signatories. From the perspective of the inventor, the treaty standardizes the country's patent practices with those of Canada's principal trading partners and makes it easier for Canadians to acquire foreign patents. Officials from the United States Patent and Trademark Office and the Canadian Intellectual Property Office meet frequently to exchange information and to consider mutually beneficial future joint activities.

Trademarks

Under the Trade-marks Act and Trade-marks Regulations, an applicant may base a trademark application on either actual use or intended use of the trademark in Canada. Under Articles 30 and 31 of the Trade-marks Act, and the Paris Convention for the Protection of Industrial Property, a Canadian trademark application may also be based on a registration of the trademark in the applicant's country of origin and use by the applicant or a licensee in that country, in which case a registration can be obtained without proof of prior use in Canada.

Accordingly, if there is any likelihood that a market in Canada will exist for the trademarked product, a U.S. exporter should file an application in Canada as soon as possible. This practice will minimize the possibility that someone else, observing the use abroad, will file in Canada first and preclude registration by the true owner of the mark. A Canadian trademark registration can often be obtained within 12 to 15 months of filing and is granted for a term of 15 years. The registration may be renewed for successive 15-year periods on payment of renewal fees. Amendments introduced in implementation of NAFTA strengthen the ability of the owner of a registered trademark to stop the importation of allegedly infringing goods from abroad. It is now possible to obtain a court order requiring Canadian customs officials to detain such infringing goods pending trial. However, the U.S. Government has encouraged Canada to consider further strengthening enforcement by authorizing customs agents to seize shipments of allegedly infringing goods prior to judicial action.

Copyrights

Canada is a member of the World Intellectual Property Organization (WIPO) and a signatory of the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. The two 1997 WIPO Internet treaties (WCT and WPPT) set standards for intellectual property protection in a digital environment. Canada has signed the treaties but has not yet implemented or ratified them. The Government of Canada has announced that amendments to Canadian copyright laws will be introduced in the spring of 2008 and will bring Canada into compliance with WIPO. As a NAFTA signatory, Canada also adheres to the Berne Convention for the Protection of Literary and Artistic Works (1971) and the 1952 Universal Copyright Convention (UCC).

Under the Berne Convention, U.S. authors of original works are automatically entitled to the benefits of copyright protection under Canada's Copyright Act and Copyright Regulations. The general rule is that copyright lasts for the life of the author, the remainder of the calendar year in which the author dies, and for 50 years following the end of the calendar year. Copyright registration can be done online with a credit card and usually takes three weeks. It is not, however, necessary to register a copyright to have protection in Canada, but a registrant receives a certificate of registration to use as evidence that the work is protected by copyright and that the registrant is the owner of the work. In the event of a legal dispute, the registrant does not have to prove ownership; the onus is on the alleged infringer to disprove it.

Canada's international treaty agreements require that Canada provide national treatment with respect to copyright. Canada generally provides this. However, Canada's Copyright Act has two provisions that follow the principles of reciprocity instead of national treatment, which have yet to be resolved to the satisfaction of the United States.

The first calls for a "neighboring rights" royalty, whereby broadcasters pay royalties to domestic recording artists and producers, as well as to those from countries that are signatories of the Rome Convention. As the United States is not a signatory, U.S. artists do not receive royalties.

The second is for a "private copying" levy to be paid by manufacturers and importers of recordable blank cassettes, tapes and compact discs, with the proceeds going to domestic artists and artists from countries that extend the same benefits to Canada. The United States does not impose a levy on analog tape, but does impose a levy on digital audio recording media and devices, with proceeds being distributed to applicable producers and artists on a non-discriminatory basis, including to Canadians. Canada's federal Industry Minister has the authority to grant benefits to countries that are currently precluded, but has yet to make a decision with respect to American artists and producers.

The United States regards Canada's reciprocity requirement for both the neighboring rights royalty and the blank media levy as detrimental to U.S. copyright holders. For this reason (and other reasons including Canada's delay in implementing the WIPO treaties) USTR has placed Canada on its Special 301 "Watch List" since 1995. Canada is authorized under its statute to grant some or all of the benefits of the two regimes to other countries if it considers that such countries grant or have undertaken to grant substantially equivalent rights to Canadians, but it has not granted these benefits to the United States. A growing coalition of technology and retail companies advocating the elimination of the private copy levy have added the levy to the list of copyright issues that will be examined as a part of the ongoing Parliamentary review of the Copyright Act.

U.S. intellectual property owners are concerned about Canada's lax and deteriorating border measures and general enforcement. The lack of *ex officio* authority for Canadian Customs officers makes it difficult for Customs to seize shipments of counterfeit goods. To perform a civil seizure of a shipment under the Customs Act, the right holder must obtain a court order, which requires detailed information on the shipment. However, Canada's Criminal Code allows for a public officer in the course of duty to seize any item discovered to be in violation of the law. For example, Customs can detain suspected counterfeit shipments and contact the Royal Canadian Mounted Police (RCMP), who can then proceed with investigation under criminal law.

Pirated and counterfeit goods include software, CDs, shampoo, and toys that are often openly displayed in Canadian malls, department stores and chain stores. Of particular concern is the growing number of counterfeit electrical products that pose a significant health and safety risk, potentially compromising the reputation of the rights holder.

The price differential between pirated and legitimate goods, especially software, is significant. The majority of the pirated products are high quality, factory produced products from Asia. Aside from pirated software, many stores sell and install circumvention devices, also made in Asia, that allow pirated products to be played in a legitimate console. Once pirated and counterfeit products clear Canadian Customs, enforcement is the responsibility of the RCMP and the local police. Because Canadian laws are inadequate to address IPR issues, few prosecutors are willing or trained to take on the few cases that come up. Where an infringement case has gone to trial, the penalties imposed can be too weak to act as a deterrent, and jail time is rarely imposed. Border enforcement concerns were a major factor in keeping Canada on the Special 301 "Watch List" and for conducting an Out-of-Cycle Review in 2006. U.S. anti-piracy analysts have estimated that Canadian IPR protection weaknesses cost the U.S. economy between $100 million and 500 million annually.

Music File-Sharing

In March 2004, Canada's Federal Court ruled that downloading music from the Internet using peer-to-peer (P2P) software does not constitute copyright infringement. The court denied a motion to compel Internet service providers (ISPs) to disclose the identities of clients who were alleged to be sharing copyrighted music files. The recording industry appealed the decision and although the appeals court upheld the denial of disclosure of client identities, the denial was without prejudice to file a new application, and the appeals judge clearly stated that the 2004 decision was incorrect to state that P2P file-sharing is legal. As a result, the question of whether P2P file sharing is legal in Canada remains unclear. Canadian ratification of the WIPO treaties would help remedy this problem.

Camcording

In June 2007, in an effort to combat the pirated movie industry in Canada, the Canadian federal government amended the criminal code, making it illegal to record a movie in a

Canadian theatre without the consent of the theatre's manager. Local police and the RCMP are able to enforce this law, with sentences ranging from two to five years in prison.

Audiovisual and Communications Services

In 2003, the Government of Canada amended the Copyright Act to ensure that Internet retransmitters are ineligible for the compulsory retransmission license until the Canadian Radiotelevision and Telecommunications Commission (CRTC) licenses them as distribution undertakings. Internet "broadcasters" are currently exempt from licensing. In 2003, the CRTC confirmed its intention to leave this exemption unchanged.

The Broadcasting Act lists among its objectives, "to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada." The federal broadcasting regulator, the CRTC, implements this policy. The CRTC requires that for Canadian conventional, over-the-air broadcasters, Canadian programs must make up 60 percent of television broadcast time overall and 50 percent during evening hours (6 p.m. to midnight). It also requires that 35 percent of popular musical selections broadcast on radio should qualify as "Canadian" under a Canadian government-determined point system. For cable television and direct to home (DTH) broadcast services, a preponderance (more than 50 percent) of the channels received by subscribers must be Canadian programming services.

Non-Canadian channels must be pre-approved ("listed") by the CRTC. For other services, such as specialty television and satellite radio services, the required percentage of Canadian content varies according to the nature of the service.

The CRTC also requires that the English and French television networks operated by the Canadian Broadcasting Corporation (CBC) not show popular foreign feature movies between 7 p.m. and 11 p.m. The only non-Canadian films that may be broadcast during that time must have been released in theaters at least two years previously and not be listed in the top 100 of Variety Magazine's top grossing films for at least the previous ten years.

Under previous CRTC policy, in cases where a Canadian service was licensed in a format competing with that of an authorized non-Canadian service, the CRTC could revoke the license of the non-Canadian service, if the new Canadian applicant so requested. This policy led to one "de-listing" in 1995 and has deterred potential new entrants from entering the Canadian market.

In July 1997, the CRTC announced that it would no longer be "disposed" to take such action. Nonetheless, Canadian licensees may still appeal the listing of a non-Canadian service which is thought to compete with a Canadian pay or specialty service, and the CRTC will consider removing existing non-Canadian services from the list, or shifting them into a less competitive location on the channel dial, if they change format to compete with a Canadian pay or specialty service.

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Overview

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	1,602	1,725	1,855
Total Local Production	585	597	602
Total Exports	462	469	472
Total Imports	1,479	1,597	1,725
Imports from the U.S.	425	459	496

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

Safety and Security issues around the world continue to fuel a growing demand for new equipment and technology. Besides national and public security considerations, day-to-day business operations in all sectors are facing safety and security challenges. Cyber crime and the unstable climate ushered in by terrorism have spawned identity thieves, industrial spies and other intruders who are working to out-smart existing security technologies and have forced Canadian businesses to update or purchase new security systems that provide leading-edge security monitoring and control.

Advanced security technology developed in the United States has allowed U.S. firms to offer products that are more efficient and often superior to comparable Canadian equipment. Industry experts state that demand for greater security will fuel demand for increasingly sophisticated equipment. Since U.S. technology is recognized as a front-runner in technological development in this industry, U.S. companies will be in a good position to take advantage of this trend.

Industry sources report the size of the Canadian market for security products and services to protect commercial buildings and facilities alone is predicted to grow 8-10 percent in 2008 to approximately US$1.9 billion. Total imports represent 93 percent of total market demand. Imports from the U.S. of US$496 million represent 29 percent of the total import market.

Best Prospects/Services

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While the market includes locks, keys and alarm systems, growth in demand will prevail for electronic physical access control systems, led by biometric, smart card and other non-contact technology utilizing software that can be used to secure both physical access to facilities and access to data stored on computers.

Opportunities

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U.S. safety and security companies wanting to develop new sales in Canada, benefit from a privileged access to numerous business facilitation programs offered by the U.S. Commercial Service year round.

Resources

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Following is a list of the major events/trade shows in Canada for the Safety and Security Sector:

CANSEC 2008
April 9-10, 2008
Ottawa, ON

Security Canada East
April 22 – 23, 2008
Laval, QC

Security Canada West
June 11, 2008
Richmond, BC

Security Canada Atlantic
September 11, 2007
Moncton, NB

Security Canada Central
October 22 – 23, 2008
Toronto, ON

Secure Canada
September 30 – October 1, 2008
Ottawa, ON

More details can be found at:

Canadian Security Association (CANASA)
Canadian Association of Defence and Security Industries (CADSI)
Advanced Card Technology Canada
Canadian Advanced Technology Alliance
SP&T News
Canadian Security Magazine

If you would like further information, please contact connie.irrera@mail.doc.gov, the CS Canada National Security Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First - Building Bridges to Prosperity

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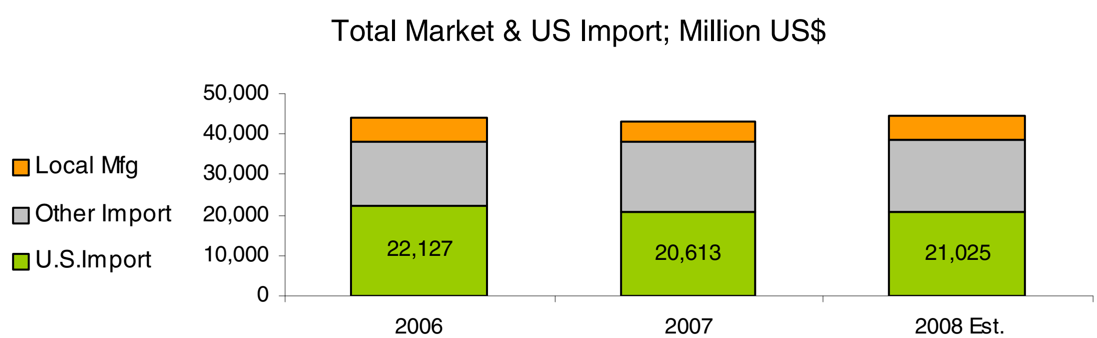
	2006	2007	2008 (Estimated)
Total Market Size	44,004	43,062	44,358
Total Local Production	29,033	29,332	29,626
Total Exports	23,271	24,268	24,026
Total Imports	38,243	37,998	38,758
Imports from the U.S.	22,127	20,613	21,025

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates
(**Note**: GIE includes Mechanical and Electrical Machinery and Equipment, NAICS 333 and 335, but NOT Agricultural, Commercial Machinery and Household Appliances)



Canada's General Industrial Equipment (GIE) sector recorded double-digit growth for a number of years before slowing down to 3.3% growth rate in 2007. Canada imported approximately 88% of its needed machinery and equipment in 2007, with the U.S. accounting for 54% of total imports, valued at $20.6 billion. Forecasts for 2008 show a further decline in the manufacturing sector with an estimated growth rate to 3%, which will be reflected in leveling off of General Industrial Equipment imports into Canada.

Of the total GIE market, the main sub-sectors are: Industrial Machinery; HVAC; Metal Working Machinery; and the category of Electric Transformer, Motor, Generator, and Switchgear. Each of these sub-sectors represents approximately 12-13% of the total market. Two other sub-sectors - the Engine, Turbine, Power and Transmission Equipment sub-sector, and the Electric Lighting Equipment sub-sector - each represent about 5% of the total market.

The largest sub-sectors of U.S. imports are HVAC and Engine, Turbine, Power and Transmission Equipment. Each represents approximately 14% of total U.S. imports. The fastest growing sub-sector of U.S. industrial equipment imports is in the Electric Transformer, Motor, Generator and Switchgear sub-sector.

U.S. Imports

NAICS	2004	2005	2006	2007	2008 (Est.)
3332 - Ind. Machinery	1,564	1,613	1,833	1,986	2,085
3334 - HVAC	2,412	2,566	2,674	2,669	2,694
3335 - Metal Working Mach	1,171	1,144	1,142	1,084	1,095
3336 - Engine, Turbine, Mach	2,735	3,316	3,740	2,764	2,764
3339 - Other Ind. Mach	3,419	4,025	4,808	4,983	5,032
3351 - Elec. Lighting	481	549	582	555	555
3353 - Trafo. Motor, Gen Switching	1,691	1,912	2,323	2,501	2,588
3359 - Other Electrial Mach.	2,065	2,175	2,412	2,639	2,745

Million US$; Source: Statistics Canada; US$ at Bank Of Canada Annual Avg. Rates

The North American economic slowdown also impacted the Canadian GIE market. After posting solid results for the first two quarters of 2007, fabricated metal product manufacturers cut back their industrial capacity utilization from 84.4% to 82.1%. Machinery manufacturers ended three consecutive quarterly hikes, posting a rate that declined from 86.4% to 84.8%. Mixed results for the majority of components in this group led to the decline in machinery production.

The real GDP and other macroeconomic indicator forecasts from the Bank of Canada and Statistics Canada remain, however, positive for 2008 and 2009, indicating further opportunities in the GIE sector.

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Industrial machinery and equipment shipments increased due in large part to the energy and oil sands development. Energy prosperity has been a significant factor of the growth in Alberta, increasing the demand for all products and services. There are three key industrial sectors supplying services and capital to the oil sands: industrial machinery and equipment; fabricated metal products; and engineering and construction. Other Canadian sectors utilizing U.S. imports of industrial machinery are: plastic and rubber; printing; food product; paper; and textile machinery.

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A federal incentive of $565 million allowing companies to write off investments in machinery and equipment over two years has been granted by the Canadian Federal government. In addition, the capital cost allowance rate will increase from 4% to 10% for buildings used in manufacturing and processing. The percentage of companies planning to increase investment in this area has risen 43% in 2007 from 34% in 2006. However, more than one quarter of manufacturers and exporters said in 2006 that they planned to boost investment in production facilities in 2007 but only 17% did.

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Following is a list of the major events/trade shows in Canada for the General Industrial Machinery Industry:

Canadian Manufacturing Technology Show
October 15 – 18, 2008
Toronto, ON

Advanced Manufacturing Expo
March 26 – 27, 2008
Toronto, ON

Montreal Manufacturing Technology Show
May 12 – 14, 2008
Montreal, QC

More details can be found at:

Canadian Industrial Machinery
Canadian Manufacturers & Exporters
Canadian Machine Tool Distributors' Association
Canadian Tooling and Machining Association
Alberta Economic Development

If you would like further information, please contact Stefan.Popescu@mail.doc.gov the CS Canada National Specialist for General Industrial Equipment. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada

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Canada offers the most open, accessible, and transparent public sector market for U.S. goods and services outside of the United States. As the sixth highest military spending economy in NATO, the Government of Canada (GOC) is a significant purchaser of aerospace, defense, and security products. U.S. organizations account for the largest share of military contract awards by the GOC. In fact, Canada trades US$3.5 billion of defense and security products and technologies with the U.S. annually. This year, Canadian Defense spending has reached the highest level since World War II with a defense budget of slightly more than US$18 billion per year. Canada's Afghanistan mission equipment and services requirements are driving demand for a wide range of products and technologies.

The market demand for defense products is continuing to grow with the "Canada First" Defense Plan. Announced in December 2005, the "Canada First" Defense Plan is designed to strengthen Canada's national sovereignty by providing more funding in the areas of defense, security and international assistance. As a result, the GOC announced various upcoming procurement projects.

Canadian budgets are committed to making Canadian and International communities safer. Budget 2007 has awarded $715 million to the Canadian Forces in 2007-08 to accelerate the implementation of the "Canada First" Defense plan, 200 million in additional support for reconstruction and development in Afghanistan, and $11 million over the next two years to enhance the critical infrastructure of Canadian embassies and consulates.

Aerospace

The Canadian Aerospace industry ranks third in the world in terms of production and revenues after the United States and the European Union. The industry is comprised of over 400 firms, employing roughly 75,000 people across Canada with annual revenues growing in excess of $22.7 billion through 2007. The industry is primarily export-based, with total exports accounting for 85 percent of all sales in 2007 ($19.3 billion), 76 percent ($14.7 billion) of which were directed to the U.S., the industry's primary market.

The industry is divided into the following sub-sectors: aircraft and aircraft parts (40 percent); related products and services (17 percent); avionics and electro systems (14 percent); engines and parts (11 percent); maintenance repair and overhaul (10 percent); simulation and training (5 percent); space (3 percent).

U.S. exports to Canada totaled $9.3 billion in 2007, which accounted for 60 percent of total industry imports. U.S. imports are expected to show a growth of between 4-6 percent over the next few years as trends persist. It is important to note that Canadian exports are largely dependant on imports from the U.S. insofar as American products fuel Canadian manufacturing. Therefore, as Canadian exports continue grow each year, so too will American exports to Canada. In fact, as indicated by the table below, the U.S. share of total imports to Canada is slated to increase through 2008 and beyond.

	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	21,800	22,670	23,810
Total Local Production	25,200	26,200	27,515
Total Exports	18,300	19,030	19,980
Total Imports	14,900	15,500	16,275
Imports from the U.S.	8,940	9,300	10,600

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

Following the industry-wide lull resulting from decreased air travel after September 11, 2001, Canadian aerospace firms have experienced a strong resurgence due in large part to Canada's position as part of the supply chain of global Original Equipment Manufacturers (OEM) and their Tier One Partners. In addition, a revitalized business aircraft market, increased investment into research and development, and increased defense spending mentioned earlier under the current Conservative government have all contributed to this sector's growth. Another boon to the industry is the high demand for helicopters used in oil and mineral extraction and emergency medical services. The wide-scale adoption of lean manufacturing techniques further ensures the ability of Canadian firms to provide customers with price-competitive products that meet exact standards of commercial and military use.

The Canadian industry draws its strength from a synergistic combination of large domestically owned firms, subsidiaries of foreign multinationals and an extensive number of smaller firms possessing niche areas of specialization. A number of U.S. companies or their subsidiaries have a substantial presence in the Canadian market, accounting for more than 40 percent of total industry revenues.

Canada's aerospace industry is largely focused in the province of Quebec, which is home to 130 firms, employing 50 percent of the industry and generating 62 percent of total revenues. Quebec has the world's sixth largest aerospace industry, where the focus is primarily aircraft production and engine manufacture and repair. By comparison, Ontario offers the second largest market with 120 firms and 28 percent of total revenues.

Aerospace and Defense procurements to the GOC
Public Works and Government Services (PWGSC) is the GOC's procurement arm. PWGSC's largest client department is the Department of National Defense (DND). DND has a budget of approximately US$18 billion per year and acquires mostly defense and security products. The Department of Fisheries and Ocean (DFO) procures security motion detectors, enhances communications and video surveillance systems. Public Safety Canada (PSC) has an annual budget of $6 billion. Services and goods are purchased by five supporting agencies: Canada Border Services Agency (CBSA),

Canadian Security Intelligence Service (CSIS), Correctional Services Canada (CSC), National Parole Board (NPB), and Royal Canadian Mounted Police (RCMP).

Selling to the aerospace and defense products to the GOC is very different from selling to the USG. It is important to understand the methodologies, players and resources available. For example, the GOC's fiscal year is from April 1 to March 31, unlike the USG's fiscal year of October 1 to September 30. Also, the USG has "GSA Schedules" whereas the GOC has "Standing Offers". In Canada, the Industrial Regional Benefits Board (IRB) provides incentives for U.S. suppliers to partner with Canadian companies. In addition, the GOC uses MERX to advertise its procurement opportunities. It is important for U.S. suppliers to understand these differences and treat selling to the GOC differently. The U.S. and Foreign Commercial Service in Canada assists U.S. companies in understanding these differences.

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Due to the increase in the defense spending budget of the GOC, the following are best prospects in the aerospace and defense industries for U.S. companies:

- Cold/Hot lightweight combat clothing & accessories
- GPS Systems
- Air Surveillance/Traffic Systems
- Tactical UAV
- Aircraft Arrestor Systems
- RFID (Radio Frequency Identification)
- Joint Command Systems
- Military Automated Air Traffic System
- Operational Mission Simulators
- Target Acquisition System (JUSTAS)
- Utility Transport Aircraft
- Omnibus Night Vision Capability

On the commercial side, due to continued investment and demand, the following areas provide optimum opportunities:

- Aircraft and engine parts for business aircraft, helicopters, balloons, dirigibles, and spacecraft.
- Business aircraft and piston engine aircraft
- Structural assemblies and components incorporating advanced materials, including composites and special coatings and alloys.
- Avionics, communications, power conversion, environmental controls, in-flight entertainment and business solutions.
- Maintenance/repair/overhaul of aircraft and major systems and aftermarket logistics support.

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Early in 2008 Boeing and Lockheed Martin announced contracts in Ontario with a Canadian content value of more than $341 million as part of their industrial benefits commitment to Canada. Furthermore, the purchase and support of four C-17 aircraft from Boeing will see the company undertake approximately $1.5 billion in economic activity in Canada. Lockheed Martin also has announced the procurement of seventeen C-130J Hercules aircraft, and agreed to $842 million in investment, with additional in-service commitments to be negotiated over the next year. Industry Canada has indicated these contracts are merely the beginning and that this type of activity will continue over the next several years. Given the tremendous scope of the procurements, businesses from all regions of Canada stand to benefit, thus expanding the base for product imports from the United States.

The following are some of the major defense/security trade shows that may be of interest for U.S. businesses:

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Following is a list of the major events/trade shows in Canada for the Aerospace and Defense industries:

CANSEC 2008
April 9-10, 2008
Ottawa, ON

Aeromart Montreal 2008
April 7 -11, 2008
Montreal QC

Secure Canada
September 30 – October 1, 2008
Ottawa, ON

More details can be found at:

Canadian Association of Defence and Security Industries (CADSI)
Aerospace Industries Association of Canada
The Conference Board of Canada)
Industry Canada)
Ontario Aerospace Council
Statistics Canada)
Canadian Defence Review Magazine
Frontline Security
Esprit de Corps Canadian Military

If you would like further information, please contact lucy.latka@mail.doc.gov, the CS Canada National Defense Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

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**Note: In Canada defense is spelled "defence."*

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Fuelled by an expanding economy, a growing population and increased energy demands, the Canadian Electrical Power Systems market is also forecasted to expand across the board through 2030. Between 1990 and 2007, electricity demand in Canada increased by 24 percent, and this trend is expected to continue with an average annual growth rate between 1 and 1.5 percent. In 2007, the market value of electrical power systems was US$15.1 billion. Imports were valued at US$10.8 billion of which 63 percent or US$6.8 billion was from the United States. Given the increased demand and the ageing systems in place, a growth rate of between 6-8% is expected over the next two years. This will equate to an expected market value of US$16.2 billion, with imports valued at US$11.5 billion, 65% or US$7.5 billion of which would come from the U.S.

	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	14,100	15,088	16,150
Total Local Production	10,500	10,920	11,400
Total Exports	6,600	6,647	6,714
Total Imports	10,200	10,813	11,462
Imports from the U.S.	6,200	6,813	7,450

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

According to the International Energy Agency, Canada will require an investment of approximately US$185 billion in electricity infrastructure between 2007 and 2030; i.e. generation $95 billion; transmission $27 billion; and distribution $63 billion. New and replacement capacities between 18,000-23,000 MW will be required by 2010. Total infrastructure requirements across North America are expected to reach $4.1 trillion (US) over the same timeframe. The inevitable competition for capital will require Canada to establish favorable conditions for investment. With electricity demand slated to increase annually, it is prudent to understand where these increases will manifest themselves most readily in order to maximize opportunity.

In Ontario, approximately 20 percent of current capacity which is now derived from coal and the roughly 40 percent of total supply presently derived from nuclear plants will need to be replaced. By 2025, the Ontario Power Authority (OPA) expects generation capacity will have to increase by about 15 percent, meaning the province will need to rebuild, refurbish, or replace up to 80 percent (25,000 MW or $40 billion) of its power supply. This substantial restructuring of Ontario’s energy sector presents a wealth of opportunities for U.S. companies involved in the manufacturing or distribution of electrical power systems and related components.

Alberta is another province expecting rapid growth in this sector. The Alberta Electric Systems Operator (AESO) expects Alberta's demand for power to grow by 3.5 to 4.3 percent through the foreseeable future. If predictions hold, this would require an additional 3,800 MW of new generation capacity by 2016. In its 10-year Transmission Plan, the AESO projects $3.5 billion in proposed transmission development will be needed by 2016 to ensure reliable electricity supply. This is in addition to roughly $1.2 billion in transmission developments already approved and underway in the province.

In British Columbia, BC Hydro has instituted the BC Energy Plan to fulfill an expected 45 percent growth in electricity consumption over the next 20 years. Similarly, SaskPower expects Saskatchewan to face a power gap of over 1500 MW by 2025.

Also, "Green technologies" are an emerging industry sector throughout Canada as renewable energy initiatives are being implemented in all provinces. The Ontario government alone has set the goal of doubling renewable energy supply to 15,700 MW by 2025.

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At present, the electrical power systems market in Canada consists primarily of power boilers, heat exchangers, turbine and mechanical power transmission equipment, electric transformers, electric switchgear and switchboards, relay and industrial control apparatus, electric static converters, protective equipment, and energy wire and cables.

In addition, the increased use of co-generation and gas turbines has raised the demand for turbines, boilers, and transformers.

Renewable technologies – There are wind and solar energy projects throughout Canada and the government is encouraging more investment in these technologies.

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Alberta: Alberta's 10 and 20-year transmission system plans have several opportunities as well as wind power technologies.

British Columbia: BC Energy Plan

Manitoba: Conawapa Generating Station, Downtown Office Project, Notigi Generating Station, Wind-Powered Generation

Ontario: Renewable technologies – wind, solar. National East-West Power Grid. Clean Energy Transfer Initiative (CETI), Quebec-Ontario Transmission Interconnection Project, Portlands Energy Centre, Niagara Reinforcement project, Goreway Station project and the Halton Hills project.

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Following is a list of the major events/trade shows in Canada for the Electric Power industry:

BioEnergy Conference and Exhibit
June 3 - 5, 2008
Prince George, B.C.

CDEA 13th Annual Conference
May 7 - 9, 2008
Calgary, Alberta

Globe 2008
March 12 - 14, 2008
Vancouver, B.C.

More details on this sector can be found at:

Alberta Electric Systems Operator (AESO)
BC Ministry of Energy, Mines and Petroleum Resources).
Canadian Electricity Association
Industry Canada
Manitoba Hydro
Ontario Ministry of Energy
Statistics Canada
Association of Power Producers of Ontario (APPrO)

If you would like further information on this sector, please contact Madellon.Lopes@mail.doc.gov, the CS Canada National Electrical Power Systems Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	11,170	11,225	11,786
Total Local Production	5,600	5,432	5,416
Total Exports	8,194	9,013	9,223
Total Imports	5,570	5,793	6,021
Imports from the U.S.	1,317	1,330	1,303

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

Canada's US$11.2 billion telecom equipment market is predicted to grow 5 percent in 2008; with U.S. exports to Canada expected to decrease by 2 percent due to increased imports from China; Mexico and Malaysia. U.S. companies currently supply 23 percent of Canada's imports in the telecommunications market. The convergence of telecommunications technologies and information technologies, in an environment of deregulation and increased competition in Canada, will impact market growth. The Canadian government is creating demand for telecommunications equipment in Canada through the liberalization of telcom policy, and government initiatives aimed at supporting the modernization of high-speed optical fiber, the digitization of telecommunications, and the emergence of new access technologies (including broadband and satellite).

U.S. telecom component suppliers have opportunities in selling to the sophisticated and fast-paced Canadian telecommunications equipment industry, primarily concentrated in Montreal, Toronto and Ottawa, including world leaders Nortel Networks and Research in Motion (manufacturers of the 'Blackberry') and other manufacturers of carrier current equipment, telephone or telegraph, switching equipment, wireless and rural communications. Ninety percent of Canada's R&D is located in Ottawa, Ontario.

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Photonics and wireless are particularly strong growth subsectors. U.S. companies will also find opportunities in fiber optic cable, satellite, cable and VoIP equipment.

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There are no major infrastructure procurements known to us at this time.

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Following is a list of the major events/trade shows in Canada for the Electric Power industry:

IT360 Conference and EXPO
April 7 - 9, 2008
Toronto, ON

Wireless and Mobile Expo
July 15 - 16, 2008
Toronto, ON

International Call Center Management Exhibition
October 6 - 8, 2008
Toronto ON
More details on this sector can be found at:

Statistics Canada
Industry Canada
Canadian Wireless Telecommunications Association

If you would like further information on this sector, please contact Tracey.Ford@mail.doc.gov, the CS Canada National Telecom Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	30,225	31,282	32,252
Total Local Production	29,998	31,048	32,010
Total Exports	8,278	8,567	8,833
Total Imports	8,504	8,802	9,075
Imports from the U.S.	5,202	5,384	5,551

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

The Building and Construction Industry in Canada started a cool down period during 2007 with an estimated growth rate of 3.5%. The Construction Sector Council predicts a similar performance for this industry in 2008, with an expected growth rate of 3.1%. Overall the industry is predicted to have minor but positive growth during 2009, before having a contraction period from 2010 throughout 2012.

The non-residential sector accounts for most of the Canadian construction industry, with an estimated growth rate of 7.9% in 2007 and 5% growth rate expected for 2008. Engineering and industrial construction are the main drivers in this industry with 5.7% and 9.4% growth expected for 2008, respectively. Furthermore, engineering and construction investment in the province of Alberta will continue to hold first place in the country. On the other hand, the institutional and commercial segments will post positive but moderate gains from 2.7% to 0.9% over the next five years.

The residential sector in Canada had negative growth during 2007, but is expected to recover with a projected increase of 0.3% for 2008. Housings starts for this year will remain above the 200,000-unit threshold. The main urban centers, such as Toronto, Montreal, Vancouver, Calgary and Edmonton, will continue to have the highest numbers of housing starts during 2008.

The market size for the building products sector in 2007 is estimated to be at US$31 billion dollars with U.S. imports accounting for 61%. This market share is based on the commercial advantages that the U.S. has with Canada in terms of geographic proximity, quality similarities, trade agreements (i.e., NAFTA), channels of distribution and the recent strong appreciation of the Canada dollar parity.

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In the building products sector, the non-residential segment will drive industry growth. More specifically, engineering and industrial construction are important areas to look at during 2008 and 2009, before they commence the anticipated contraction period.

In the engineering sector the main driver of projects will relate to the build-out of the petroleum and gas industry, including energy exploration and recovery, and the infrastructure needed to provide services to the industry. The provinces that will generate most of the engineering construction activity are Alberta, Saskatchewan and Newfoundland. Investment for engineering construction will experience an increase in Quebec and Manitoba as well, albeit at lower levels.

Although the commercial and institutional sectors will present moderate gains from 2008 to 2012, this growth will remain constant for a longer period of time, compared to the engineering/industrial sectors. The provinces of Alberta and British Columbia will lead the growth in the institutional construction sector.

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Sales of building products to Canadian companies are handled through relatively short marketing channels, and in some cases products move directly from manufacturer to end-user. The use of marketing intermediaries in consumer goods is common practice. Often, complete coverage of the consumer market requires representation in the various regions of Canada.

There are different areas of opportunity in Canada for U.S. businesses in the building products and construction industry. The following is a list of some private and government-funded projects that may be of interest to the building products sector: (Source: Reed Construction Data.)

Saint John, NB – Development of a multi-use cruise facility at the Pugsley Terminal site. It is expected to commence construction in late 2009, with an estimated cost of over $10 million.

Montreal, QC – Devimco Company has a $1.3 billion mega project (12-acre development) in the historic Griffintown neighborhood located southwest of downtown Montreal.

Barrie, ON – Park Place Commercial development with an expected cost of $135 million.

Bolton, ON – Penretail Management Ltd., no general contractor assigned yet, for a five-building retail development located at Healey Road with a construction cost of approximately $15 million.

Sault Ste. Marie, ON – EPOH Inc. has begun preliminary designs for a new $10 million Algoma Health Unit building at Sault College.

Calgary, AB – Dolemo Development Corporation is proposing to build The Edworthy Club, a $1-billion sporting and social club.

Trochu – Finavera Renewables of Vancouver has a Wind Power project from Penn West Energy with cost of $150 – 200 million. The prime-consulting engineer on the projects is GENIVAR Consulting Group Inc. of Vancouver

Grande Cache, AB – Maxim Power Corporation is proposing a coal-fired power plant project at its existing HR Milner Generating Station. The project's value is estimated at $1.4 billion.

Vancouver, BC – BC Professional Fire Fighters Burn Fund committee is planning a research and housing facility; the project is expected to cost $22 million.

Abbotsford, AB – Keystone Architecture and Planning of Abbotsford is designing a congregate apartment for seniors. The building is expected to cost about $10 to $13 million.

Vancouver, BC – The Molson Canada brewery will spend $32 million to expand its operations capacity; construction is anticipated to start by summer 2008.

Surrey, BC – A new regional RCMP E-Division Headquarters is planned for the city of Surrey.

Langley, BC – Vancouver-based Century Group is proposing to construct Sunridge Place (housing development); a general contractor has not been selected. The construction cost is estimated at $28 million.

Vancouver, BC – A $20 million Seniors apartment and condominium development in the Wesbrook area of the University of British Columbia.

Sparwood, BC – Whiskey Jack Management recently started construction on its resort golf course community. A general contractor has not been determined for the residential component; Blackpaw Construction is building the golf course. Total estimated construction cost is $100 million.

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Following is a list of the major events/trade shows in Canada for Building Products and Construction sector:

Buildex Vancouver
Date: February 13 – 14, 2008
Vancouver, BC

BC Construction Show
Date: February 13 – 14, 2008
Vancouver, BC

Buildex Edmonton
Date: April 29 – 30, 2008
Edmonton, AB

Construct Edmonton
Date: April 29 – 30, 2008
Edmonton, AB

Buildex Calgary
Date: November 4 – 5, 2008
Calgary, AB

Concrete Canada
Date: December 3 – 5, 2008
Toronto, ON

Construct Canada
Date: December 3 – 5, 2008
Toronto, ON

Contech Montréal
Date: November 8, 2008
Montréal, QC

Contech Québec
Date: November 8, 2008
Quebec City, QC

HomeBuilder & Renovator Expo
Date: December 3 – 5, 2008
Toronto, ON

More details can be found at:

Canadian Construction Association
Construction Sector Council
Canadian Home Builders Association
Industry Canada

If you would like further information, please contact Viktoria.Palfi@mail.doc.gov, Commercial Specialist in Canada. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	4,865	5,121	5,400
Total Local Production	2,352	2,516	2,600
Total Exports	709	702	700
Total Imports	3,242	3,307	3,500
Imports from the U.S.	1,809	1,986	2,100

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

Demand for diagnostic equipment will lead the growth in sales of medical equipment over the next two years in Canada, 2008-2009. The increase in demand for medical and diagnostic equipment will be led by technologies including nuclear medicine cameras, MRI (magnetic resonance imaging) and CT (computed tomography). Other medical electro-diagnostic and patient monitoring equipment, including ultraviolet or infrared rays and ultrasonic scanners will also be subjected to an increased demand. However, the average real growth of Canadian demand for all medical equipment and supplies during the 2008 and 2009 should be moderate at between 4 and 6 percent annually.

The medical equipment purchased by hospitals and other public health institutions accounts for about 70 percent of the total medical equipment and supplies market in Canada. Demand from privately-owned clinics and other establishments, particularly for diagnostic equipment, should remain at a slightly higher growth rate than the overall market in the foreseeable future.

The sale and use of medical devices is strictly regulated by Health Canada. Health Canada's Therapeutic Products Program (TPP) ensures the safety and effectiveness of medical devices. Medical products or devices are classified into four categories depending on the level of potential risk to the patient. Class I represents devices that pose the least risk while Class IV pose the highest risk. Licenses are delivered for each product or category of product in Class II, III and IV.

U.S. firms maintain a dominant position among foreign suppliers to the Canadian market. In fact, about 60% of Canadian imports originate from the United States. China, however, now appears as the second most important source for Canadian imports of medical equipment, with about 8 percent of Canada’s total imports. While imports from

U.S. sources are projected to grow at around 4 percent annually in 2008 and 2009, imports from China should grow at more than triple that rate.

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HS 901812 - Ultrasonic Scanning
HS 901813 - Magnetic Resonance Imaging
HS 904819 - Other Medical Electro-Diagnostic and Patient Monitoring
HS 901820 - Ultraviolet and Infrared
HS 902212 - X-Ray Equipment Computed Tomography

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U.S. medical equipment companies wanting to develop new sales in Canada, benefit from access to numerous business facilitation programs offered by U.S. Commercial Service year-round. Contact Pierre Richer for the latest opportunities and information on programs at: Pierre.richer@mail.doc.gov, phone: (514) 908-3661.

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OHA (Ontario Hospital Association) HealthAcheive, being held in Toronto, ON, from November 3 – 5, 2008, is the largest health sector exhibition and conference held in Canada. The event is committed to ensuring that session topics and presentations meet the needs of health care and business leaders in Canada. In 2007 over 8,500 Healthcare Professionals and 335 Exhibitors attended OHA HealthAchieve.

Many of the delegates who attend OHA HealthAchieve are the hardest to reach professionals in the health care industry: Hospital and Health Care Associations CEOs, Board Chairs, Trustees, Senior Management, financial and information technology decision influencers. With a choice of flexible U.S. Commercial Service business facilitation programs, this is a unique opportunity for U.S. business visitors to capture the essence of Canada's healthcare system.

Through its administration of the Canada Health Act, Health Canada is the agency committed to maintaining the country's public health insurance system which is universally available to permanent residents, comprehensive in the services it covers, accessible without income barriers, portable within and outside the country and publicly administered. Each province and territory administers its own health care plan.

More details can be found at:

Canada Health Act Annual Report 2005-2006
Legislation and Guidelines
Government Health Partners

If you would like further information, please contact Pierre.Richer@mail.doc.gov, Sr. Commercial Specialist for Medical Devices in Canada. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

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Canadians continue set new records for overnight trips abroad, however, U.S. destinations have the least share of Canada's total outbound over the past eight years with a drop from 77% in 1999 to 69% in 2007 (projected).

Still, Canada remains the largest inbound travel market for the United States, with Canadians accounting for 31.4% of U.S. international visitors and 12.4% of visitor spending. Canada ranks first in the number of visitors to the U.S. (nearly 16 million); second in spending (US$ 13.5 billion); and second in balance of trade (US$ 5.7 billion surplus). Visits to the U.S. from Canada are projected to grow at an average annual rate of 4–5% from 16 million visits in 2006, to 16.6 million in 2007 and an estimated 19.2million by 2011.

The Canadian to U.S. dollar exchange rate is at a thirty year high. At parity with the U.S. dollar, Canadian tourism to the U.S. as well as the level of spending has reached an all time high.

In 2006, more than half (56%) of Canadian travelers reported that the main purpose of their trip was leisure; 20% to visit friends or relatives; 14% for business; and 10% other. These trends are expected to continue in 2007 and beyond.

In 2006, nearly 16 million visitors generated just under 22 million visits, when accounting for multiple state visits for some trips. All states benefit from Canadian travelers but a few states dominate the numbers. Florida ranks number one among U.S. destinations in visitor nights and spending with 13% of visitors, and 32% of visitor-nights, due to the large number of Canadian "snowbirds."

Ontario and British Columbia accounted for the largest share of visitors from Canada to the U.S. Specifically, Ontario has 39% of the population but 46% of travelers to the U.S., while British Columbia has 17% of visitors with only 13% of the population.

TOP U.S. DESTINATIONS VISITED BY CANADIANS (2006)

Rank	U.S. State	Visitors (000s)	Visitor Nights ($000s)	Spending ($000s)
Total U.S.		15,992	119,996	9,519,000
1.	New York	2,596	7,240	796,000
2.	Florida	2,098	37,816	2,372,000
3.	Washington	1,775	5,161	363,000
4.	Michigan	1,323	3,348	273,000
5.	California	1,037	9,152	874,000
6.	Nevada	902	4,082	799,000
7.	Maine	746	2,477	200,000
8.	Pennsylvania	696	1,687	133,000
9.	Vermont	642	1,846	131,000
10.	Minnesota	614	1,477	174,000

Source: Office of Travel & Tourism Industries – September 2007
U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)

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When traveling in the U.S. the most popular activities, regardless of purpose of visit are:

Shopping	70%
Sightseeing	44%
Visiting friends or relatives	38%
Participate in sports or outdoor activities	31%
Go to a bar or night club	23%
Visit a historic site	21%
Visit a museum or art gallery	16%
Visit a national or state nature park	16%
Attend cultural events	12%
Visit a theme park	11%

In accordance with the Western Hemisphere Travel Initiative, all adult travelers are required to present proof of citizenship, as of January 31, 2008, such as a birth certificate, and proof of identity, such as a driver's license, when entering the United States through land and sea ports of entry. Effective January 2007, all visitors and American citizens entering the U.S. by air are required to present.

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Following is a list of the major events/trade shows in Canada for the Travel & Tourism Industry:

Vancouver Golf & Travel Show
Feb 16 - 17, 2008
Vancouver, BC

Northern Ontario Golf and Travel Show (Website shows event has been withdrawn)
Feb 22 - 24, 2008
Sudbury, ON

KW Cottage Home Travel & Leisure Show
March 07 to 09, 2008
Kitchener, ON

Toronto Star Golf & Travel Show
February 29 – March 2, 2008
Toronto, ON

Toronto Sportsmen's Show
March 12 - 16, 2008
Toronto, ON

Atlantic Outdoor Sports & R.V. Show
March 13- 16, 2008

Halifax, NS

The Calgary Outdoor Adventure Show
April 5 - April 6, 2008
Calgary, AB

Salon des Baby Boomers Plus
April 12 to 13, 2008
Montreal, QC

Travel & Leisure Show
April 10 - April 13, 2008
Mississagua, ON

APEX
April 27 - 29, 2008
Moncton, NB

International Tourism & Travel Show
Oct 25 - 27, 2008
Montreal, QC

Toronto Ski, Snowboard and Travel Show
Oct 16 - Oct 19, 2008
Toronto, ON

OMCA Annual Conference and Canadian Motor Coach Marketplace
Oct 19 - Oct 22, 2008
Toronto, ON

More details can be found at:

International Trade Administration, Office of Travel and Tourism Industries
Department of Homeland Security
Visit USA Committee-Canada

If you would like further information, please contact Viktoria.Palfi@mail.doc.gov the CS Canada National Travel and Tourism Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First - Building Bridges to Prosperity

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	6,799	7,108	7,428
Total Local Production	3,550	3,712	3,879
Total Exports	2,427	2,537	2,652
Total Imports	5,676	5,934	6,201
Imports from the U.S.	4,361	4,559	4,765

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

The Computer Software market in Canada is estimated at US$7.1 billion in 2007, with U.S. imports accounting for approximately 83% of the total market demand. Average annual growth rate in this sector is expected to continue at 4.5% through 2010, and market demand is projected to reach US$8 billion by 2010.

According to the Information and Communications Technology Council (ICTC), the relentless need to streamline business processes, improve supply chain integration, improve customer relations and deliver increased functionality for competitive advantage are the reasons behind the growth in this market.

Software as a Service business model (SaaS), hosted applications, and software on demand will be popular product delivery models. In addition, developments in the second generation of Internet-based technologies, and trends such as Web 2.0, will receive increased attention.

Other trends that will have an important influence in the software market are issues concerning “IT security” and “Green IT,” two major topics in both the public and private sectors.

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“Other applications software” is the largest sub-sector in the software sector, which includes all applications software except Enterprise Resource Management (ERM) software. This segment represents about 36% of the software market with a total spending of US$2.4 billion in 2006. This segment is expected to post an annual growth rate of 3.4% to reach US$2.8 billion by 2010.

The application development and deployment sub-sector accounts for approximately 28% of total software market demand in Canada, valued at US$1.9 billion in 2006. This sub-sector is estimated to grow at a rate of 5.1% per year during the next three years.

Enterprise resource management (ERM) applications contribute about 13% of the software market with a total spending of US$833.3 million in 2006 and it has a projected annual growth rate of 5.4% over the next three years.

Security software will post the fastest growth with an average annual growth of 10% during the same period. This sub-sector has a participation in the software market of 4% and it was valued at US$300.2 million in 2006.

The system and network management sub-sector represents 4% of the software market and the total spending in 2006 was US$263.5 million. This sub-sector is forecast to grow quickly with annual growth of 6% over the next three years.

"Other system infrastructure" sub-sector accounts for 14% of the software market with a total spending of US$948.9 million in 2006. This sector is expected to grow at a constant annual rate of approximately 2.9% throughout the next three years.

One of smallest sub-sectors within the software market is networking software with a participation of only 1% of the total spending. The value of the networking software sub-sector was US$85.8 million during 2006. This sub-sector will experience slower growth with only 1% annual growth in the next three years.

Opportunities

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Canadian companies have a strong preference for vendors with a local presence either directly or through a partner. Partnering with a Canadian-based IT company that caters to outsourcing, consulting, or systems integration is a quick and cost-effective way to reach a large customer base. Alternatively, U.S. vendors may choose to have a direct presence in the Canadian market.

Recently the Federal Government of Canada has updated the procurement process for the IT infrastructure. Government is interested in "Green IT" such as recycling initiatives, power-management strategies and virtualized work environments.

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Below is a list of some of the major IT events and trade shows:

Massive Technology Show
April 1, 2008 - Vancouver, BC
April 30, 2008 - Toronto, CA

IT360 Conference & Expo
April 7 - 9, 2008
Toronto, ON

Project World & Business Analyst World
April 14 - 18, 2008

Toronto, ON

Project World Montreal
May 5 – 8, 2008
Montreal, QC

Infosecurity Canada
June 10 - 12, 2008
Toronto, ON

Toronto Tech Week
September 22 – 27, 2008
Toronto, ON

2008 Real-Time & Embedded Computing Conference
September 13, 2008
Montreal, QC

2008 Real-Time & Embedded Computing Conf
September 11, 2008
Ottawa, ON

2008 Real-Time & Embedded Computing Conf-Vancouver BC
December 2, 2008
Vancouver, BC, Canada

More details on this sector can be found at:

Canadian Advance Technology Alliance
Greater Toronto Marketing Alliance (GTMA)
IDC Canada
Information and Communications Technology Council (ICTC)
Canadian Information Technology Spending Forecast
Industry Canada
Information Technology Association of Canada

If you would like further information, please contact Viktoria.Palfi@mail.doc.gov the CS Canada National Information and Communication Technology Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First - Building Bridges to Prosperity

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	15,192	15,596	16,141
Total Local Production	6,611	6,786	7,024
Total Exports	2,563	2,631	2,724
Total Imports	11,145	11,441	11,841
Imports from the U.S.	6,054	6,215	6,433

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

The total Canadian IT market was valued at US$40 billion in 2007. The computer hardware sector accounts for about 38% of the IT market, with a total market size of US$15.5 billion in 2007. According to the Information and Communications Technology Council, growth in the computer hardware sector slowed to 2.6% during 2007, from a growth rate of 6.4% in 2006 due to intense pricing pressure.

Growth in this sector is expected to rebound and continue at a compound annual growth rate of 3.5% throughout the next three years and to reach a spending of over US$16.9 billion by 2010. The primary market drivers of growth in this sector will be new software applications and hardware replacement cycles.

The personal computer (PC) market is the largest sub-sector in the Canadian computer hardware sector and represents 43% of hardware spending. This sub-sector was valued at US$6.6 billion in 2006 and is expected to post an annual growth rate of 2.5% over the next three years to reach a total spending of US$7.1 billion by 2010.

The second largest sub-sector in the hardware market is ‘other hardware’ category that includes printers, handhelds, and other hardware-related items. This sector accounts for 35% of the hardware market. The spending in this sector was US$5.2 billion in 2006 and it is expected to have an annual growth rate of 4.9% over the next three years. By 2010, estimated spending to be reached is US$6 billion.

The multi-user hardware (server) market captures 13% of the total hardware spending with expenditures of US$1.9 billion in 2006. This sector is projected to grow at an annual rate of 3.6% with an estimated US$2.2 billion dollars of spending by 2010. Spending in the volume server category (multiple units) will be the main driver for the growth of this sector whereas growth in the sales of the mid-range servers will remain flat.

Finally, the smallest sub-sector in the hardware segment is storage hardware, accounting for only 8.9% of total hardware spending. This sector was valued at US$1.35 billion during 2006. It is estimated this sector will post an annual growth rate of 2.1% for the next three years with spending of US$1.4 billion by 2010. The main reason for the slowdown in this sector is the decline in the demand for direct attached storage and tape storage. However, the market for network attached storage and storage area networks is growing at a greater pace under this category.

Best Products/Services

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The PC market is the largest sub-sector for the hardware sector and it will maintain its position in the overall hardware market. Of this segment, notebooks will have the largest share in the total spending while the sales of desktops will decline.

Concerning the multi-user hardware or server market, the volume server spending will be the key growth under this category. In the storage area, the network attached storage and storage area networks will be the main growth areas.

Overall, the hardware sector has many opportunities in the "Green IT" boom, especially in power conserving technologies such as heat and lighting sensors, video conferencing devices and global positioning systems.

Opportunities

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Canadian companies have a strong preference for vendors with a local presence either directly or through a partner. Selling through value added resellers, systems integrators or partnering with a Canadian-based IT company is a quick and cost-effective way to reach a large customer base. Alternatively, U.S. vendors may choose to have a direct presence in the Canadian market.

Recently the Federal Government of Canada updated the procurement process for IT infrastructure. The federal government is interested in "Green IT" such as recycling initiatives, power-management strategies and virtualized work environments.

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Following, there is a list of some of the major IT events and trade shows that may be of interest for U.S. businesses:

Massive Technology Show
April 1, 2008 - Vancouver, BC
April 30, 2008 - Toronto, CA

IT360 Conference & Expo
April 7 - 9, 2008
Toronto, ON

Project World & Business Analyst World

April 14 - 18, 2008
Toronto, ON

Project World Montreal
May 5 – 8, 2008
Montreal, QC

Infosecurity Canada
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Toronto, ON

Toronto Tech Week
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2008 Real-Time & Embedded Computing Conference
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Montreal, QC

2008 Real-Time & Embedded Computing Conf
September 11, 2008
Ottawa, ON

2008 Real-Time & Embedded Computing Conf-Vancouver BC
December 2, 2008
Vancouver, BC, Canada

More details on this sector can be found at:

Canadian Advance Technology Alliance
Greater Toronto Marketing Alliance (GTMA)
IDC Canada
Information and Communications Technology Council (ICTC) www.ictc-ctic.ca
Canadian Information Technology Spending Forecast
Industry Canada
Information Technology Association of Canada

If you would like further information, please contact Viktoria.Palfi@mail.doc.gov the CS Canada National Information and Communication Technology Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First - Building Bridges to Prosperity

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	1,725	1,855	1,921
Total Local Production	597	602	627
Total Exports	469	472	493
Total Imports	1,597	1,725	1,787
Imports from the U.S.	1,373	1,380	1,430.

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

Canada is the world's third largest producer of natural gas and the seventh largest producer of crude oil. Oil production is made up of 45 from percent massive oil sands reserves in Alberta, 13 percent from Atlantic Canada offshore operations, and 42 percent from traditional drill and gush operations. Undeveloped natural gas deposits are primarily located in Alberta, British Columbia and Saskatchewan. In 2007, Canadian producers are expected to drill 18,000 wells (includes dry and service). Total capital investment of approximately US$49 billion is forecast on exploration, development and field equipment, over 80 percent of which will be on conventional and oil sands development in Alberta. U.S. imports hold a 74 percent market share, constitute 86 percent of imports, and are expected to grow three and a half percent in 2008. U.S. equipment is recognized for its quality, technological benefits and reputable after-sales-service.

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Promising subsectors include specialized mining and extraction equipment for the oilsands of Alberta. Technologies to save water and natural gas use are in demand. Outstanding opportunities exist for providers of exploration, drilling, mining, refining, pipeline environmental, and safety and security equipment and services.

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Almost all major projects in the Western Canadian Sedimentary Basin and the Canadian Oil Sands such as the Natural Resources Limited Horizon project are listed on the Alberta Government major projects website. The oil and gas industry periodically hosts activity and procurement opportunity sessions.

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The Global Petroleum Show, taking place in Calgary, Alberta from June 10 – 12, 2008 is one of the major Oil and Gas trade shows may be of interest for U.S. businesses.

All other major oil and gas trade shows in Canada are produced by the dmg group and can be viewed on their website.

More details on this sector can be found at:

Canadian Oilwell Drilling Contractors Association
Alberta Energy Research Institute
Alberta Energy and Utilities Board
Alberta Energy
Petroleum Society
Canadian Energy Pipeline Association
Natural Resources Canada
Canadian Association of Petroleum Producers
World Petroleum Council
Petroassist

If you would like further information, please contact Sharon.Atkins@mail.doc.gov, the CS Canada National Oil and Gas Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

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	2006	2007 (Estimated)	2008 (Estimated)
Total Market Size	48,410	49,255	51,746
Total Local Production	30,900	31,700	32,500
Total Exports	18,790	16,930	15,254
Total Imports	36,300	34,485	34,500
Imports from the U.S.	28,580	26,640	26,600

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.00 CDN)
Above statistics are unofficial estimates

Canada's US$49 billion automotive parts market (2007) as well as U.S. exports to Canada are expected to grow 3-4 percent in 2008 and beyond as vehicle production stays on target (2.6 million vehicles in 2007) and as more than seven million older vehicles need aftermarket repairs. U.S. exports of automotive parts to Canada account for 54 percent share of the automotive parts market and a 77 percent share of the total imports.

The Canadian automotive aftermarket parts market offers U.S. suppliers the best opportunities in this sector, with annual growth of 3-4 percent forecast for 2006-2008. As the use of embedded (such as engine control systems) and external (such as GPS) computer systems in automobiles grows exponentially, computer-based technology will continue to be a major area of growth.

The Original Equipment Manufactures (OEM) market will be relatively flat as gains in the vehicle production numbers of the Asian manufacturers in Canada are offset by the reduction of vehicles produced by the U.S. manufacturers in Canada. Parts contracts for OEMs are normally negotiated with the head offices of the auto manufacturers.

The distribution of aftermarket parts are distributed through automobile dealers, mass merchandisers, service stations and networks of independent warehousing and distributing firms, which also includes agents, wholesalers, distributors and jobbers. Distribution channels are also influenced by consumer preference and/or merchandisers' ability to install aftermarket parts. Channels of distribution for parts vary depending on whether parts are mechanically installed (MI) or do-it-yourself (DIY). The MI distribution channel covers worked performed by a mechanic at a service outlet while the DIY channel includes parts, equipment, or components purchased for installation, use or application by vehicle owner, normally from retailers such as Canadian Tire.

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The best prospect for U.S. exporters is in aftermarket parts, accessories and services. Demand for technology to improve fuel efficiency and for replacement parts for vehicles manufactured between 1999 and 2003 will offer lucrative sales prospects. Aftermarket demand averages US$1,000 per vehicle when vehicles are eight to 12 years old. In fact, 43 percent of vehicles on Canadian roads are over 15 years old, which bodes well for the automotive parts market. Also, much of the aftermarket parts market is driven by the increase in the number of mechanically installed MI and DIY purchases and repairs. U.S. suppliers of automotive accessories, performance and appearance products, garage tools, diagnostic service and repair equipment will find excellent export opportunities in Canada. Furthermore, efficiency and environmentally driven automotive technology as well as computer-based technology will continue to expand incurring further opportunities in the automotive industry. U.S. suppliers should also pay special attention to the vehicle make and mix on Canadian roads and address these makes and models accordingly.

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Ontario offers the largest aftermarket potential at US$7.1 billion followed by Quebec at US$4.2 billion, the Prairie Provinces at US$3.5 billion, British Columbia at US$2.6 billion, and the Atlantic Provinces at US$1.2 billion.

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Major Trade Show/Conferences:

Automechanika
June 19-21, 2008
Toronto, ON

Automotive Aftermarket Industry Week (AAIW)

More details on this sector can be found at:

Automotive Industries Association of Canada
Industry Canada, Canadian Automotive Industry
DeRosiers Automotive Consultants

If you would like further information on this sector, please contact Madellon.Lopes@mail.doc.gov, the CS Canada National Automotive Industries Specialist. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First - Building Bridges to Prosperity

Agricultural Sectors

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The Foreign Agricultural Service at the U.S. Embassy in Ottawa prepared the following information on Canada's market for U.S. agricultural and food products. For further information and for assistance in marketing U.S. agricultural and food products in Canada, U.S. exporters should contact:

Office of Agricultural Affairs
U.S. Embassy, Canada
P.O. Box 5000
Ogdensburg, NY 13669-0430
Telephone: (613) 688-5267
Fax: (613) 688-3124
Email: agottawa@usda.gov

Canada is the top market for U.S. food and agricultural product exports. In 2006, U.S. agricultural exports to Canada reached a record US$11.9 billion and accounted for 17 percent of total U.S. food and farm exports to the world (US$71 billion). Consumer-oriented agricultural products accounted for 78 percent of total U.S. food and agricultural product sales to Canada in 2006, with fresh fruits and vegetables, snack foods, red meats, breakfast cereals, processed horticultural and baked goods as the category leaders. Nearly one-third of all American exports of consumer-oriented agricultural products ($30 billion) were destined for Canada.

Total U.S. agriculture, fish and forest product exports to Canada in 2006 reached US$14.8 billion and surpassed the level exported to the twenty-five European Union member states by US$5.2 billion. More than 77 percent, or US$1.3 billion, of all U.S. exports of fresh vegetables ($1.7 billion) were shipped to Canada and 39 percent, or US$1.1 billion, of all U.S. fresh fruit exports ($2.9 billion) were exported to the northern neighbor. If Ontario, British Columbia and Alberta were countries they would rank, respectively, as the 4th ($7.7 billion), 7th ($1.8 billion) and 17th ($753 million) largest individual markets during 2006 for U.S. agricultural exports. Total bilateral agricultural trade between the United States and Canada reached US$25.3 billion in 2006, almost US$70 million per day.

Under NAFTA, the majority of U.S. agricultural products enter Canada duty-free. On December 4, 1998 the United States and Canada signed a Record of Understanding (ROU), an agreement to further open Canadian markets to U.S. farm and ranch products. The ROU established the Consultative Committee on Agriculture (CCA) to provide a high-level forum to strengthen bilateral agriculture trade relations between Canada and the United States through cooperation and coordination, and to facilitate discussion on matters related to agriculture between the two countries.

Canadian consumers enjoy a high disposable income, coupled with a growing interest in global cuisine and the country's wide ethic diversity that provides broad food marketing opportunities. Canada's grocery product and foodservice trade have been quick to seize opportunities under NAFTA by expanding their geographical sourcing area to include the United States. The familiarity and confidence in Canadian based U.S. chains (hotels, restaurants and fast food) have helped to increase the demand for high-value U.S.

foods. Since U.S. food products match Canadian tastes and expectations there have been significant gains in the Canadian market for U.S. consumer-ready foods.

On the basis of current market trends and conditions, the following sectors are considered to be best prospects for U.S. exports of food and agricultural products to Canada:

1. Foodservice
2. Organic Food
3. Fresh Vegetables
4. Snack Foods
5. Red Meats
6. Fruit and Vegetable Juices
7. Wine

The markets for these best prospects are analyzed below.

1. Foodservice

Canada's dynamic foodservice sector is a US$50 billion a year industry representing about 4 percent of the Canadian economy. Every day, millions of consumers, tourists and business travelers enjoy the hospitality provided by Canada's 63,300 restaurants and bars, cafeterias, snack bars, and caterers. In addition, the institutional and accommodation foodservice sector is expanding. Sales of U.S. food products to Canada's foodservice industry continue to increase, reflecting similar consumer demand patterns and interaction between their American raw product suppliers and U.S. fast food franchises in Canada. A highly efficient truck-based transportation and distribution system allows the Canadian foodservice industry to procure U.S. food product offerings directly from U.S. manufacturers in a timely fashion. Regional differences continue to shape the industry. According to studies, Quebec residents are more than twice as likely to visit fine dining establishments as Canadians in other provinces, while British Columbians boast the highest per capita food service spending.

	2005	**2006**	**2007 (estimated)**
Total Market Size	40,200	43,500	50,250
Total Local Production	36,575	35,525	45,750
Total Exports	500	525	600
Total Imports	4,125	4,500	5,100
Imports from the U.S.	4,000	4,350	4,850

(Millions of U.S. dollars)
Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

2. Organic Food

The annual retail market for organic food in Canada is estimated at US$2.8 billion, with imports, mostly from the United States, accounting for 85-90 percent of the prepackaged organic products sold at retail. The organic market represents approximately 2.0-2.5 percent of total Canadian retail food sales. The majority of Canadian produced organic products are exported as bulk grain and oilseed products. As a result, the Canadian market relies on U.S. organic food suppliers for the majority of fresh and processed organic foods. Canadian studies show that the market for organic food in Canada is growing at a rate exceeding 10 percent per year. The proportion of Canadians who regularly purchase organic foods is steadily increasing and virtually every major supermarket chain offers organic produce and other prepackaged organic items. Several U.S. based organic retailers have recently opened stores in Canada's largest cities, and a major U.S. mass-market retailer includes organic foods in each of its expanding network of super stores. The trend to expanding organic food retailing in Canada is expected to result in strong gains for sales of U.S. organic foods in Canada. The U.S. organic industry is well poised to capitalize on the increasing demand for organic foods in Canada.

	2005	2006	2007 (estimated)
Total Market Size	2,320	2,630	2,800
Total Local Production	280	300	335
Total Exports	60	70	85
Total Imports	2,100	2,400	2,550
Imports from the U.S.	2,000	2,300	2,350

(Millions of U.S. dollars)
Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

3. Fresh Vegetables

U.S. exports of fresh vegetables to Canada are estimated at a record US$1.4 billion in 2007, making Canada the number one market for American exports in this product category. On a per capita basis, Canada has one of the highest consumption rates of fresh vegetables in the world. Demand for U.S. vegetables is enhanced due to the short Canadian domestic growing season for vegetables in Canada's northern climate. In recent years, Canadian immigration has been dominated by new arrivals from Asia, where traditional dietary habits also include large amounts of fresh vegetables. In recent years, food safety issues have risen to the forefront and Canadian consumers show a high level of confidence in the safety of U.S. fresh vegetables. Under NAFTA, American fresh vegetable exports enter Canada duty free. A modern transportation and wholesale dealer network provides Canadian buyers with prompt delivery.

	2005	**2006**	**2007 (estimated)**
Total Market Size	2,400	2,700	3,000
Total Local Production	1,600	1,810	2,100
Total Exports	775	895	1,000
Total Imports	1,575	1,785	1,900
Imports from the U.S.	1,199	1,330	1,445

(Millions of U.S. dollars)
Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

4. Snack Foods

The value of Canada's snack food market in 2007 is estimated at US$4.1 billion. It is highly concentrated and includes both Canadian national and regional companies, as well as multinational firms. In the salted snack food segment, potato chips account for more than half of the local production of snack foods. U.S. snack foods (salted and sweet snacks) are the third most important high value food category exported to Canada after fresh vegetables and fresh fruits. During 2006, U.S. exports of snack foods to Canada exceeded US$1.0 billion level for the first time and a double-digit percentage increase is forecast for 2007. U.S. salted snack food exports to Canada include popcorn, corn chips, potato chips, and other savory snack foods while the sweet snack food category is comprised of chewing gum, sugar candy and chocolate confectionery, cookies, waffles, crisp breads, and other biscuit and baked snack products.

	2005	**2006**	**2007 (estimated)**
Total Market Size	3,600	3,800	4,100
Total Local Production	2,775	2,985	3,160
Total Exports	340	365	410
Total Imports	1,165	1,180	1,350
Imports from the U.S.	906	1,018	1,160

(Millions of U.S. dollars)
Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

5. Red Meats

U.S. sales of fresh or frozen red meats to Canada are estimated at a record US$875 during 2007, a 25 percent gain over the previous year and are poised for an additional gain through 2008. The dynamics of North American beef trade have changed since the the detection of a case of bovine spongiform encephalopathy (BSE) in Canada in May 2003. Since that time, Canada's beef industry has focused on dealing with a higher than normal cattle inventory that has impacted the mix of Canadian cattle slaughtered by Canadian beef packers. In 2007, a cost-price squeeze in the livestock sector related to high energy and feed costs resulted in cattle and hog inventory reductions in Canada Canada and lower red meat output. The strength in the value of the Canadian dollar has resulted in increased Canadian imports of U.S. beef and pork in the retail and foodservice sectors.

	2005	**2006**	**2007 (estimated)**
Total Market Size	7,600	7,250	7,500
Total Local Production	10,340	9,315	9,515
Total Exports	3,465	2,980	3,100
Total Imports	725	915	1,085
Imports from the U.S.	455	695	875

(Millions of U.S. dollars)
Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

6. Fruit and Vegetable Juices

Imports of fruit and vegetable juices from the United States in 2007 are estimated to have surpassed US$500 million for the first time, posting nearly a 20 percent increase over the 2006 level. U.S. exports of fruit and vegetable juices captured almost two-thirds of the Canadian import market in 2007. Canada is heavily dependent on imports of fruit and vegetable juices (fresh and frozen) to meet total market demand. Strong U.S. sales gains have been made in the mixed juice categories. Overall, orange juice is the market leader, with apple and grape sharing about 25 percent of total juice sales. Best prospects include the retail market segment, custom retail packaging for Canadian distributors, and new products and blends in new packaging.

	2005	**2006**	**2007 (estimated)**
Total Market Size	1,200	1,290	1,400
Total Local Production	781	781	795
Total Exports	63	60	65
Total Imports	482	569	670
Imports from the U.S.	379	442	525

(Millions of U.S. dollars)
Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

7. Wine

Imports account for approximately 70% of the total Canadian wine market, which Statistics Canada reports was valued at US$ U.S. 3.5 billion during 2006, a figure based on sales by Canadian liquor authorities and their sales agents, but not including the value of served beverages by other business establishments. Despite strong competition from French, Australian and Italian wines, U.S. wines captured approximately 13% of total Canadian imported retail wine sales during 2006. Red wine is the most popular import, accounting for about 80% of imported wines. The increased purchasing power of the Canadian dollar and general economic prosperity in the most populated provinces resulted in an increased consumer demand for wine. In fact, in Alberta, the energy sector-related economic boon vaulted total wine sales in that province by almost 30% above the year earlier level. According to a recent study by Statistics Canada (SC), the value of total wine sales in Canada surpassed spirit alcohol sales for the first time during 2005. Red wines accounted for 54% of all sales of wines in Canada, while white wines captured 32% of the market. The balance was vermouth, champagne, etc. The statistical agency also reported that in terms of volume, wine sales were up 5.9%, twice the rate of growth of 2.9% in the volume of spirits.

	2005	**2006**	**2007 (estimated)**
Total Market Size	3,490	3,650	3,800
Total Local Production	2,462	2,402	2,319
Total Exports	17	17	19
Total Imports	1,045	1,265	1,500
Imports from the U.S.	125	165	195

(Millions of U.S. dollars)
Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

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Chapter 5: Trade Regulations and Standards

Import Tariffs

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Canada's Customs Tariff is published by the Canada Border Services Agency.

Under the North American Free Trade Agreement (NAFTA), the vast majority of U.S.-made products may be imported into Canada duty-free.

Trade Barriers

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Canada's trade barriers against U.S. products are described in the 2007 National Trade Estimate Report on Foreign Trade Barriers of the U.S. Trade Representative. The report describes a number of barriers to U.S. agricultural exports such as dairy products, eggs, poultry, fresh fruits and vegetables and grains. This practice severely limits the ability of U.S. producers to increase exports to Canada above the Tariff Rate Quota (TRQ) levels. Canada's meager personal duty-free exemption puts a damper on cross-border shopping in the United States. There are provincial market access barriers to the effective marketing of U.S. wine and spirits. Standards barriers affect the fortification of foods such as breakfast cereals, and the size of baby food jars. The U.S. pharmaceutical industry has raised questions about pharmaceutical pricing and patent term protection of drugs. Canada's Copyright Act restricts broadcast royalties due to U.S. artists. There are also substantial limitations in the telecommunications and media fields. Examples include required labeling on videos and DVDs and Canadian content requirements for broadcasters

Agricultural Products

Canada closely restricts imports of certain domestic "supply-managed" agricultural products such as dairy products, eggs and poultry through the use of tariff-rate quotas (TRQs). This practice severely limits the ability of U.S. producers to increase exports to Canada above the TRQ levels.

The Province of Quebec applies coloring restrictions on margarine. The province of Alberta, supported by the provinces of Manitoba and Saskatchewan, challenged Quebec's provincial coloring regulations through an inter-provincial trade dispute resolution panel appointed under the Agreement of Internal Trade. In June 2005, the Panel issued its ruling that the Quebec regulations on colored margarine restrict inter-provincial trade and recommended that Quebec amend its regulations to remove the ban on yellow colored margarine no later than September 1, 2005. To date, Quebec has chosen not to implement the recommendations of the panel.

The Canadian Egg Marketing Agency operates a dual pricing scheme for processed egg products. Under the regime, the domestic Canadian price for shell eggs is maintained at a level substantially above the world price. Producers are also assessed a levy on all eggs sold, a portion of which is used to subsidize egg exports. This practice artificially increases Canadian exports of egg products at the expense of U.S. exporters. Canada also maintains a prohibitive tariff of 245 percent on U.S. exports of breaded cheese sticks.

Canada prohibits imports of fresh or processed fruits and vegetables in packages exceeding certain standard package sizes unless the government of Canada grants a ministerial exemption. To obtain an exemption, Canadian importers must demonstrate that there is an insufficient supply of a product in the domestic market. The import restrictions apply to all fresh and processed produce in bulk containers if there are standardized container sizes stipulated in the regulations for that commodity. For those horticultural products without prescribed container sizes, there is no restriction on bulk imports. The restriction has a negative impact on U.S. potatoes, apples and blueberries. In addition, Canadian regulations on fresh fruit and vegetable imports prohibit consignment sales of fresh fruit and vegetables in the absence of a pre-arranged buyer.

Restrictions on U.S. Grain Exports

U.S. access to the Canadian grain market has been limited partially by Canadian varietal controls. Canada requires that each variety of grain be registered and be visually distinguishable based on a system of Kernel Visual Distinguishability (KVD) requirements. Since U.S. varieties may not be visually distinct, they are not registered in Canada. As a result, U.S. wheat, regardless of quality, is sold in Canada as "feed" wheat at sharp price discounts compared to the Canadian varieties. Extensive consultations were held in 2003 with stakeholders and the Canada Grains Commission (CGC) on the operational details of a Variety Eligibility Declaration system that would require, by law, the use of declarations instead of the KVD system to segregate grain in the handling system. This proposal was eventually scrapped when it was deemed too costly and burdensome for producers and industry. In June 2005, the CGC put out a new discussion paper proposing a different approach, one that would relax KVD registration requirements for minor western Canadian wheat classes, and held a new series of stakeholder consultations. In June 2006, the CGC announced its intention to make changes to western Canadian wheat classes based on these consultations. These changes include the removal of KVD registration requirements from minor wheat classes, as well as the creation of a new General Purpose wheat class, effective August 1, 2008. The KVD requirements for the higher quality wheat, Canada Western Red Spring and Canada Western Amber Durum, will remain. While these policy changes are a step in the right direction, it only opens the door to varietal registration in Canada of lower priced, non-milling U.S. wheat varieties typically used for feed and industrial end-uses (biofuels, etc.).

On September 16, 2005, the Canadian International Trade Tribunal (CITT) and the Canada Border Services Agency (CBSA) launched an investigation into alleged dumping and subsidization of U.S. grain corn imports into Canada, following a petition filed by the several provincial corn producers' associations. The CITT concluded on April 18, 2006, that U.S. grain corn imports are not causing injury and are not threatening to cause injury to Canadian growers. As a result, the dumping and subsidy investigations were terminated and all provisional countervailing and antidumping duties collected by CBSA were refunded. The petitioners have appealed the CITT final determination to Canada's Federal Court of Appeal.

Personal Duty Exemption

The United States has urged Canada to facilitate cross border trade for border residents by relaxing its taxation of goods purchased in the United States by Canadian tourists. While U.S. and Canadian personal exemption regimes are not directly comparable, the United States allows an $800 per person exemption every 30 days, while Canada has an allowance linked to the length of the tourist's absence and allows only CDN$50 for tourists absent for at least 24 hours and CDN$200 for visits exceeding 48 hours. This practice discourages shopping visits to the United States by border residents.

Wine and Spirits

Market access barriers in several provinces hamper exports of U.S. wine and spirits to Canada. These include "cost of service" mark-ups, listings, reference prices and discounting, and distribution and warehousing policies.

The Canadian Wheat Board and State Trading Enterprises

The United States has longstanding concerns about the monopolistic marketing practices of the Canadian Wheat Board. USTR seeks a level playing field for American farmers, including through World Trade Organization (WTO) negotiations. The U.S. WTO agriculture proposal calls for: (1) the end of exclusive STE export rights to ensure private sector competition in markets currently controlled by single desk exporters; (2) the establishment of WTO requirements to notify acquisition costs, export pricing other sales information for single desk exporters; and (3) the elimination of the use of government funds or guarantees to support or ensure the financial viability of single desk exporters. The new Conservative government has begun a review of the Wheat Board that could address many of these concerns.

Piracy

The Canadian Border Service Agency officials also lack the power to seize counterfeit goods at the border without a court order obtained by the aggrieved rights holder. This makes it easy to bring in pirated goods into Canada. However, the criminal laws allow for a public officer in the course of duty to seize any item discovered to be in violation of the law. Customs can detain suspected counterfeit shipments and contact the Royal Canadian Mounted Police, which can then proceed with investigation under criminal law.

Also of concern to the U.S. medical equipment industry is the effect of British Columbia's privacy laws on the remote servicing of medical equipment.

Import Requirements and Documentation

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The Canada Border Services Agency website describes the required documents for import. The most important document required from a U.S. exporter is a properly completed Canada Customs Invoice or its equivalent, which is required for all commercial shipments imported into Canada. The exporter can use its own form if it has the required information on it. At the border, the importer or customs broker also submits Form B3, the customs coding form. Further information on Form B3 can be found in the brochure "Importing Commercial Goods Into Canada – How to complete Form B3 when importing commercial goods." Other documents that trucking companies will provide for customs clearance may include a cargo control document and bill of lading. Some goods such as food or health-related products may be subject to the requirements of other federal government departments and may need permits, certificates, or examinations.

In addition, to get duty-free status under the NAFTA "rules of origin," a commercial NAFTA import over CDN$1,600 must be accompanied by a NAFTA Certificate of Origin, while a commercial import less than CDN$1,600 only requires a statement of origin from the exporter that the product is U.S.-made. Canada looks at the origins of the component parts of an item and whether they were transformed in the process of manufacture into another category to determine whether a product is entitled to NAFTA treatment. This can be quite complex so U.S. companies should consult the U.S. Department of Commerce's NAFTA Certificate of Origin Interactive Tool.

There are many customs brokers that can assist U.S. exporters with the details of the import documentation process, including Canada's non-resident importer program, in which the U.S. exporter in the United States obtains a "business number" and can then be the "importer of record" for purposes of customs clearance. This offers a number of marketing advantages, in particular the opportunity to remove the burden of customs clearance of commercial shipments from the Canadian customer. In fact, large retailers often demand that an exporter does whatever paperwork is required so that all the retailer needs to do is unload the goods from the truck and pay the exporter for the goods. Many brokers advertise their non-resident importer programs on their websites.

For most mail order shipments, the only paperwork needed is a standard business invoice. Companies should indicate the amount paid by the customer for the goods, in either U.S. or Canadian dollars. If goods are shipped, on a no-charge basis (samples or demos), companies must indicate the retail value of the shipment. Two copies of the invoice should be attached to the outside of the package.

U.S. Export Controls

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Shipments to Canada do not require a Shipper's Export Declaration (SED) unless the shipment:

- Requires a Department of Commerce export license;

- Is subject to the Department of State, International Traffic in Arms Regulations regardless of license requirements; or

- Is subject to Department of Justice, Drug Enforcement Administration, export declaration requirements.

For merchandise transshipped from the United States through Canada for ultimate destination to a foreign country, other than Canada, a SED or Automated Export System (AES) record is required.

Temporary Entry Return to top

Canada allows the temporary import free of duty and tax of certain commercial goods and equipment such as brochures, commercial samples, audio-visual equipment and industrial equipment for business meetings, trade shows, product demonstrations and industrial or construction purposes.

If the goods are eligible for free entry, a refundable security deposit -- in the form of cash or bond -- may be required. Further information on Canada's Form E29B ("temporary entry") and other requirements is available on the U.S. Commercial Service webpage "Temporary Import of Goods into Canada" and Canada Border Services Agency Memorandum D8-1-1 "Temporary Import Regulations."

For information on temporary entry of personal goods and equipment, see the subchapter on Temporary Entry of Materials and Personal Belongings.

Labeling and Marking Requirements Return to top

See the subsection on labeling and marking requirements in the Standards section here.

Prohibited and Restricted Imports Return to top

Certain goods may be prohibited or controlled, or require special permits, inspections or conditions to be met in order to allow them into Canada. Canada has a number of special attention and approval systems with regards to such goods.

The Export and Import Controls Bureau (EICB) authorizes, under the discretion of the Minister of International Trade, the import and export of goods restricted by quotas and/or tariffs. It also monitors the trade in certain goods and ensures the personal security of Canadians and citizens of other countries by restricting trade in dangerous goods and other materials. The Canadian Export and Import Permits Act contains an Import Control List.

The Canadian Border Services Agency administers Canada's laws and regulations of other Canadian federal agencies governing prohibited and restricted imports.

Further information on Canadian prohibitions and restricted imports for business travelers is available from the U.S. State Department webpage "Tips for Travelers to Canada."

Customs Regulations and Contact Information

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Canadian customs regulations and further information are available from the Canada Border Services Agency

Standards

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Overview

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This chapter gives a detailed overview of the Canadian standards development and product testing and certification systems. Products shipped to Canada must conform to the relevant Canadian standard. In most instances, Canadian and U.S. standards are very similar, and products designed to conform to U.S. standards will meet Canadian standards with little or no modification. In some product areas, such as air conditioning and refrigeration, U.S. and Canadian standards have been harmonized into a single North American standard. Similarities between U.S. and Canadian standards, however, do not relieve the U.S. exporter of the obligation to meet the Canadian standard.

In delineating the precise technical specifications required to ensure safety, both countries often use slightly different standards. This is an area in which standards officials and standards development organizations will find fruitful to explore. The Canadian view on "the tyranny of small differences" is discussed below in the context of the External Advisory Committee Report on Smart Regulation.

Principles of standards regulation in Canada should be examined in light of the basic rules of the WTO Agreement on Technical Barriers to Trade and of the North American Free Trade Agreement signed by the United States, Canada and Mexico: standards must not create unnecessary barriers to trade. To reduce such barriers, the NAFTA applies basic principles to bilateral trade.

Testing facilities and certification bodies are treated in a nondiscriminatory manner. Federal standards-related measures will be harmonized to the greatest extent possible. Greater openness will be provided in the regulatory process.

This report is drawn in large part on information on the Canadian standards-related websites cited below, in particular, the Canadian government's overview of the Canadian standards system.

National Standards System

Canada's National Standards System (NSS) is the system for developing, promoting and implementing standards in Canada. The NSS includes more than 400 organizations accredited by the Standards Council of Canada. These organizations are involved in several activities: standards development, product testing and quality ("conformity assessment"), product or service certification, and environmental management and production systems registration. More than 15,000 Canadian members contribute to committees that develop national or international standards.

The NSS does not include all standards in Canada. Nor is the system static: organizations can and do join and leave the system. Many standards used in Canada that are not National Standards may have been developed by Canadian standards development organizations (SDOs) and not put forward as a National Standard of Canada, often because of the cost of translating the standard into both official languages (English and French). In other cases, international, regional or foreign SDOs, such as the ISO, may have developed the standards. In addition, organizations not accredited by the Standards Council of Canada (SCC) develop some standards. Important non-NSS standards include the Building Code, developed by the National Research Council.

Standards Council of Canada

A federal Crown corporation, the Standards Council of Canada (SCC), coordinates standardization activities in Canada, including the designation of National Standards of Canada. Located in Ottawa, the Standards Council has a 15-member governing Council and a staff of approximately 80. The organization reports to Parliament through the Minister of Industry and oversees Canada's National Standards System. The SCC is comprised of representatives from the federal and provincial governments as well as from a wide range of public and private interests. It prescribes policies and procedures for developing National Standards of Canada, coordinates Canada's participation in the international standards system, and accredits more than 400 organizations involved in standards development, product or service certification, testing and management systems registration activities in Canada. The SCC is independent of government, although it remains partially financed by public funds. SCC members are appointed by the Governor in Council and include a wide range of interests so that no one party dominates policy directions.

The SCC does not develop standards itself, nor does it conduct conformity assessment. Rather, under its mandate to coordinate and oversee the efforts of the National Standards System, the SCC accredits testing and certification organizations to conduct conformity assessment and reviews the standards submitted by standards development organizations for approval as National Standards of Canada. This designation indicates that a standard is the official Canadian standard on a particular subject. It also shows that the development process met certain specified criteria. National Standards of Canada may be developed in Canada or adopted, with or without changes, from international standards.

On the global stage, the SCC serves as the National Enquiry Point for information from around the world concerning upcoming regulatory and standardization changes impacting trade. This service is a requirement of Canada's membership in both the World Trade Organization (WTO) and the North America Free Trade Agreement (NAFTA). Internationally, the Standards Council manages Canada's participation in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), and in regional standards organizations. It also encourages the adoption and application of international standards in Canada.

More than 400 organizations have been accredited by the Standards Council of Canada. Some of these develop standards; others are conformity assessment bodies that determine the compliance of products or services to a standard's requirements. The list of accredited organizations includes:

- standards development organizations;
- certification organizations;
- testing and calibration laboratories;
- environmental management systems (EMS) registration organizations that perform registrations to the ISO 14000 series standards; and
- auditor certifiers and trainers that provide QMS and EMS auditors with their training and credentials.

Standards Organizations

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There are four accredited standards development organizations (SDOs) in Canada: the Canadian Standards Association (CSA), Underwriters' Laboratories of Canada (ULC), the Canadian General Standards Board (CGSB), and the Bureau de Normalisation du Québec (BNQ). Each of these organizations develops standards through committees representing various interests. SDOs may submit standards to the SCC to be recognized as National Standards of Canada. They can also develop standards-related documents such as codes and guidelines (non-mandatory guidance and information documents).

The CSA and ULC are private, not-for-profit organizations. They are market-driven to the extent that their activities are governed by the willingness of affected parties to pay for and participate in standardization activities. Although funded primarily through the sale of conformity assessment services, their standards development activities are not restricted to the areas in which they have conformity assessment programs. For example, only about one-third of CSA's 1,800 standards have related conformity assessment service offerings.

The BNQ and CGSB, by contrast, are both public sector organizations that run on cost recovery. As with the CSA and ULC, they offer standards development services in addition to conformity assessment services. Like the private sector organizations, they do not restrict their standards development activities to cases for which they have or could have conformity assessment programs. However, unlike their private sector counterparts, their standards development activities are not subsidized by the sales of conformity assessment services; rather, they seek funding for each standards development project from stakeholders and interested parties.

Although the SCC provides secretariat services to all of the Canadian Advisory Committees (CACs/CSCs) that support Canadian representatives on ISO and IEC technical committees, in some cases individual SDOs provide funding for and service the CACs/CSCs. Under the auspices of the SCC, Canadian SDOs also provide the secretariat and funding for some ISO and IEC committees.

None of the four organizations have unified annual plans on their websites of standards that they plan to develop. However, their websites explain their standards development processes and all have newsletters available by e-mail subscription and/or other information sources to assist companies in keeping current with new developments. Companies should become familiar with the development process, especially the proposal stage. Most importantly, interested companies should become familiar with the members of the specific committee of experts responsible for the relevant product or industry sector, which will enable them to learn at the earliest time of new standards development plans.

Standards organizations in the United States and Canada continue to work cooperatively in the development of joint standards and have made progress in several areas. For example, the Air Conditioning and Refrigeration Institute and the CSA have harmonized performance standards into a single North American standard for air conditioners and heat pumps, packaged water chillers, and water-source heat pumps. UL and CSA have established common electrical safety standards for air conditioners, heat pumps, and refrigerant motor-compressors.

Canadian standards are distributed by the four accredited standards development organizations (CSA, CGSB, ULC and BNQ). The Standards Council of Canada's search page contains a database of standards available for purchase. In addition, the SCC offers a number of specialized information standards services:

Information and Research Services

SCC employs a team of bilingual information professionals who can provide free information on standardization. SCC has a bilingual custom research service, which provides personalized information on a growing range of standards, legislation, and certification issues in many world markets.

On-Site Technical Library

The public can access Canada's most comprehensive standards collection.

The following is an overview of the four Canadian standards development organizations:

The Canadian Standards Association (CSA)

Founded in 1919, the Canadian Standards Association is Canada's largest and oldest SDO and offers standards development, testing, certification and management systems registration services in a wide range of areas. A private, not-for-profit organization, it has published more than 2,000 consensus standards and guidelines in 40 technology areas. CSA has 1,300 standards committees. CSA develops standards in the following areas:

- business/management systems
- communications/information
- construction
- electrical and electronics
- environment
- gas equipment
- health care
- materials technology
- transportation/distribution

Draft standards, draft amendments, and endorsements are available for public review and comment before the committee approves them. The comment period is normally 60 days from the date posted. Comments should be returned as quickly as possible, so that CSA can pass them on to the appropriate committee for review. A list of drafts available for public review is available on web site of the CSA.

The standards development process under which CSA and other SDOs operate is well developed and formally documented and controlled. As stated on the CSA website, this process includes seven distinct stages:

- **Preliminary Stage**: On receipt of a request for the development of a standard, an evaluation is conducted and the project is submitted for authorization.
- **Proposal Stage**: Public notice of intent to proceed is published and a Technical Committee is formed - or the project is assigned to an existing Technical Committee.
- **Preparatory Stage**: A working draft is prepared and a project schedule is established.
- **Committee Stage**: The Technical Committee or Technical Subcommittee - facilitated by CSA staff - develops the draft through an iterative process that typically involves a number of committee meetings.
- **Enquiry Stage**: The draft is offered to the public for review and comment, the Technical Committee reaches consensus, CSA staff conduct a quality review and a pre-approval edit is completed.
- **Approval Stage**: The Technical Committee approves the technical content by letter ballot or recorded vote. A second level review verifies that standards development procedures were followed.
- **Publication Stage**: CSA staff conducts a final edit to verify conformity with the applicable editorial and procedural requirements and then publishes and disseminates the standard.
- **Maintenance Stage**: The standard is maintained with the objective of keeping it up to date and technically valid. This may include the publication of amendments, the interpretation of a standard or clause, and the systematic (five-year) review of all standards.

CSA standards are available for purchase in the online store on the CSA website.

Endorsed standards are non-Canadian standards that have been reviewed by the appropriate Technical Committee and approved for use in Canada without modification. Endorsed standards are not sold by CSA. For more information, call the CSA Information Centre at (416) 747-4058.

Underwriters Laboratories of Canada (ULC)

Established in 1920 as a not-for-profit organization, Underwriters Laboratories of Canada offers a range of services, including standards development, certification, testing and management systems registration in a wide range of areas. It is accredited by the Standards Council of Canada, in accordance with the National Standards System. The ULC has published a catalog of more than 240 standards and other recognized documents, many of which are referenced in codes and government regulations. The ULC's standards development process is explained on the ULC website.

The Canadian General Standards Board

Established in 1934 by the federal government, the Canadian General Standards Board (CGSB) offers a range of standardization services on a cost-recovery basis to both the public and private sectors. These services include standards development, certification and qualification listing, and management systems registration in a broad range of subject areas. Part of the federal department of Public Works and Government Services Canada, the CGSB focuses on providing services in support of government mandates and their related programs.

As a participant in the National Standards System of Canada, the CGSB offers a wide range of standards development services, including development of International Standards (ISO), National Standards of Canada (NSC), CGSB standards, specifications, and Government of Canada (GC) forms. CGSB maintains approximately 1,600 standards. Standards and specifications are developed by committees of volunteers, experts in their fields working according to the CGSB process. These standards cover a wide range of products and services, including:

- building and construction
- business (office) equipment and supplies
- communications and information technology
- environmental technology
- fuel and energy products
- health care technology
- lifestyles and environment
- procurement
- public safety
- textiles and clothing
- transportation and distribution

The standards development process of the CGSB is explained on the CGSB website.

Bureau de Normalisation du Québec (BNQ)

The Quebec government established the Bureau de normalisation du Québec (BNQ) in 1961, initially to serve the procurement needs of the provincial government. The BNQ offers a range of standardization services, including standards development, certification, management systems registration and laboratory accreditation. As with the other SDOs, the BNQ is reaching beyond its traditional market to offer its services in English in other regions of Canada and in the United States. Since 1990, the BNQ has been part of the Centre de recherche industrielle du Québec. BNQ is a member organization of the National Standards System of Canada and operates in the fields of:

- standards development;
- product, process, service and person certification; and
- system registration of quality and environmental management systems

The standards development process of the BNQ is stated on the BNQ website.

The Future of Standards Development in Canada

In a report issued in September 2004, the Canadian federal government's External Advisory Committee on Smart Regulation made a number of recommendations concerning international cooperation in standards development. These included the following comments and recommendations:

- The Canadian federal government should include international regulatory cooperation as a distinct part of Canadian foreign policy.
- North America should be the primary and immediate focus of the federal government's international regulatory cooperation efforts. The federal government should work to:
- Achieve compatible standards and regulation in areas that would enhance the efficiency of the Canadian economy and provide high levels of protection for human health and the environment;
- Eliminate small regulatory differences and reduce regulatory impediments to an integrated North American market;
- Move toward single review and approval of products and services for all jurisdictions in North America; and
- Put in place integrated regulatory processes to support key integrated North American industries (e.g. energy, agriculture, food) and provide more effective responses to threats to human and animal health and the environment.
- When developing new regulatory frameworks, the federal government should review and adopt international approaches wherever possible. The federal government should limit the number of specific Canadian regulatory requirements.
- Specific Canadian regulatory requirements may be appropriate when:

    - There is no commonly agreed upon international or North American standard;
    - Important national priorities, unique Canadian circumstances or Constitutional values require different approaches; or

- The government does not have sufficient confidence that the regulatory processes, practices, results and/or decisions of a trading partner will meet Canadian policy objectives.

- Where specific Canadian regulatory requirements are adopted, the federal government should reduce or minimize the cumulative impact of regulatory differences on trade and investment by:

    - Assessing alternative instruments for meeting policy objectives (e.g. voluntary measures, information strategies);
    - Promoting the use of performance-based approaches where possible; and
    - Establishing the appropriate accountability structures to review requirements regularly to ensure that policy objectives are being met and eliminate those regulations that are no longer necessary.

If the Canadian government accepts these recommendations, it would make it easier for U.S. exporters to comply with Canadian standards.

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment Return to top

Product testing, known as *conformity assessment,* is usually carried out by a testing and certification organization or laboratory that has been accredited to conduct that test and certify that product's conformity with the applicable standard. Regulated products must be tested and certified; there is no legal requirement to test non-regulated products.

Certification bodies (CBs) attest, by authorizing the display of their certification mark, that products or services conform to a standard. They regularly inspect and audit processes and products. There are 12 CBs in Canada and 17 U.S.-based organizations that have been SCC accredited. These organizations have registered trademarks or logos giving a visible indication that products or services comply with a standard.

The Standards Council accredits six types of conformity assessment organizations:

- testing and calibration laboratories
- management systems registration bodies
- personnel certification bodies
- product certification bodies
- inspection bodies

- auditor course providers

The most important conformity assessment organizations are discussed in the next section of this chapter.

Product Certification

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U.S. manufacturers and exporters should determine what standards are applicable to their products. If certification is required, it generally must be obtained before the goods are imported into Canada. The process can be time-consuming and, therefore, certification should be one of the first steps taken to establish an export market in Canada.

For U.S. exporters unsure of Canadian certification requirements, the first step is to contact the SCC directly in order to determine: (1) what testing is required, and (2) what organizations are accredited to conduct that testing and certification. For many products, U.S. exporters will learn that a U.S. laboratory has been accredited (see next section below) and the manufacturer need only submit the product to one lab instead of spending the time and money to have the product tested by both a U.S. and a Canadian lab.

CSA International, the conformity assessment and product certification organization in the CSA Group, and the other four standards development organizations, ULC, CGSB and BNQ, are also engaged in conformity assessment and product certification.

CSA International handles the following product certification areas:

- appliances
- chemicals
- energy efficiency
- fuel burning equipment
- gas accessories & components
- gas appliances & equipment
- hazardous locations
- heating & air conditioning
- home entertainment
- industrial controls & switchgear
- information technology (IT)
- lighting products
- mobile homes - recreational vehicles / occupational health & safety
- medical - laboratory equipment
- photometrics
- plumbing products
- process control & power supplies
- telecommunication - sensing and signaling equipment
- water quality
- wire and cable
- wiring devices

Underwriters Laboratories in the United States (UL) and CSA have a memorandum to accept each other's test results. However, each issues its own certification marks.

In addition to regular product certification, CSA International provides for special inspection to meet the needs of manufacturers or importers that sell limited quantities of products in the following three categories:

Special Inspection For Electrical Health Care Products

Special Inspection For Other Electrical Products

Special Inspection For Gas Products

Further information on special inspection is available from CSA International.

ULC tests in the following areas:

- chemicals and chemical products
- constructions
- elastomers & protective and other coatings
- electrical and electronic products
- environmental testing and occupational health and safety
- machinery
- marketplace products - consumer and business
- nondestructive examination
- non-metallic minerals and products
- textiles and fibrous materials
- wood products

CGSB certification and qualification program lists cover the following products and services:

- carpets and underlay
- construction materials
- medical products
- office furniture
- packaging
- paints and coatings
- protective clothing
- security personnel
- testing services (laboratory acceptance program)
- toner cartridges

BNQ verifies the conformity of products, processes, services and persons and develops certification programs in the following fields:

- recreational and tourist services

- agriculture, fertilizers and farm organization and management
- health technology and hospital equipment
- health and safety environment and protection
- piping and accessories
- road and special vehicles
- textile products
- civil and road engineering
- food technology
- chemical engineering
- metallurgy, iron and steel products
- domestic and commercial equipment and wood technology
- construction materials and building installations
- trades as cooks, pastry cooks, chefs and pastry chefs

In addition, under an agreement reached with the SCC, the BNQ has the authority to assess the laboratories in Québec that wish to be accredited in the framework of the Testing Laboratory Assessment Program — Canada (PALCAN).

BNQ can also grant food safety certification according to the HACCP principles (Hazard Analysis and Critical Control Points) under an agreement with MAPAQ.

Accreditation

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The relevant Canadian authority must accredit testing and certification organizations that conduct conformity assessment, which in most cases is the SCC. The Standards Council of Canada (SCC) offers accreditation to over 500 mostly Canadian laboratories that conduct scientific testing in a variety of subjects and program specialty areas through the Program for the Accreditation of Laboratories/Canada, better known by its bilingual acronym PALCAN.

The North American Free Trade Agreement (NAFTA) provides that testing facilities, inspection agencies, and certification bodies of the United States, Canada and Mexico may be accredited in another NAFTA country without obligation to establish facilities in the other country. NAFTA thus allows U.S. exporters to get "one-stop shopping" product approval for both the United States and Canada by submitting their product to only one organization in order to get product certification for both countries. This eliminates the time and expense of obtaining separate certifications for each market. Numerous U.S. testing and certification organizations have received accreditation from the SCC. A complete list of these organizations is available on the website of the Standards Council of Canada: http://www.scc.ca/en/programs/product_cert/index.shtml.

Provincial regulations, however, do not fall under the NAFTA accreditation framework. U.S. companies faced with difficulties in obtaining provincial approvals should consult with the U.S. Commercial Service to determine nature of the problem. In the opinion of the Canadian Chamber of Commerce, the most contentious regulatory issue for business is overlapping federal and provincial/territorial regulations and separate regulatory regimes among the provinces and territories which discourage companies from expanding into new provincial/territorial jurisdictions due to the added costs of regulatory compliance.

Publication of Technical Regulations

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The national gazette of Canada is the Canada Gazette.

Members of the World Trade Organization (WTO) including the United States and Canada are required under the World Trade Organization Agreement on Technical Barriers to Trade to report proposed technical regulations that may affect trade to the WTO Secretariat, who in turn distributes them to all WTO Members.

The U.S. National Center for Standards and Certification (NCSCI) of the National Institute of Standards and Technology (NIST) offers a free web-based Notify Us! service that provides U.S. industry with the opportunity to review and comment on proposed foreign technical regulations that can affect their businesses. By registering for this service, U.S. companies receive, via e-mail, notifications of drafts or changes to foreign regulations for a specific industry sector and/or country. Notifications of the proposed foreign regulation contain a description of the regulation, the country issuing the regulation, and a final date for comments. Copies of the full text are available upon request from NCSCI. Companies can register for this service on the Notify U.S. website.

Comments regarding proposed regulatory measures should be emailed to NCSCI at ncsci@nist.gov prior to the comment deadline date indicated on notifications. All requests for extensions of comment dates will be considered and should also be forwarded to NCSCI.

Persons who plan to comment on a foreign regulation should contact NCSCI for guidance. If there is insufficient time to review and comment on the regulation, NCSCI staff will request an extension of the comment period. For more information on NCSCI services for U.S. exporters to Canada, see the NCSCI website.

The U.S. Department of Commerce's Trade Compliance Center serves as a point of contact for U.S. companies to submit information on a foreign trade barrier or unfair trade practice they have encountered that is limiting their ability to export or compete internationally.

Labeling and Marking

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The Canadian federal Consumer Packaging and Labelling Act and Regulations require consumer product packaging to be bilingual in English and French. However, it does not apply to any product that is a device or drug within the meaning of the Food and Drugs Act. The Canada Food Inspection Agency 2003 Guide to Food Labelling and Advertising discusses the requirements of the Food and Drug Act.

According to Competition Bureau Canada, the Consumer Packaging and Labelling Act requires that the following information must appear on the package/label of a consumer good sold in Canada:

Product Identity Declaration: describes a product's common or generic name, or its function. The declaration must be in both English and French.

Net Quantity Declaration: must be expressed in metric units of volume when the product is a liquid or a gas, or is viscous; or in metric units of weight when the product is solid or by numerical count. Net quantity may also be expressed in other established trade terms.

Dealer's Name and Principal Place of Business: where the prepackaged product was manufactured or produced for resale. In general, a name and address sufficient for postal delivery is acceptable. This information can be in either English or French.

The agency responsible for inspection of imports, the Canada Border Services Agency, also requires an indication of the country of origin, such as "Made in the USA," on several classes of imported goods. Goods not properly marked cannot be released from Canada Customs until suitably marked.

The Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers. The Charter of the French Language requires the use of French on product labeling, warranty certificates, product manuals, instructions for use, public signs and written advertising. The Office québécois de la langue française (Quebec Office of the French Language) website provides guidance on these requirements.

U.S. exporters of textile and apparel should check the website of Industry Canada's Competition Bureau for specific labeling requirements: Food exporters should check the Canadian Food Inspection Agency's Guide to Food Labeling and Advertising.

For example, Canadian requirements for foods fortified with vitamins and minerals have created a costly burden for American food manufacturers who export to Canada. Health Canada restricts marketing of breakfast cereals and other products, such as orange juice, that are fortified with vitamins and/or minerals at certain levels. Canada's regulatory regime requires that products such as calcium-enhanced orange juice be treated as a drug. This forces manufacturers to label vitamin and mineral fortified breakfast cereals as "meal replacements." These standards impose costs on manufacturers who must make separate production runs for the U.S. and Canadian markets.

In March 2005, the Government of Canada released for public consideration a draft policy on supplemental fortification of food and beverages that reflects the study on Dietary Reference Intakes (DRIs) undertaken by the U.S. Institute of Medicine (IOM). Industry welcomed the draft policy as it may offer more latitude to manufacturers for discretionary fortification of foods and beverages than the current regulatory regime. The new policy may reduce the cross-border discrepancy in fortification rules. Regulations came into force in late 2007. They may still present barriers to efficient cross-border trade.

Also, Canada's Processed Products Regulations (Canada Agricultural Products Act) prescribe standard container sizes for a wide range of processed fruit and vegetable products. No other NAFTA country imposes such mandatory container size restrictions. The Processed Products Regulations require manufacturers of baby food to sell in only two standardized container sizes: 4.5 ounces (128 ml) and 7.5 ounces (213 ml). The requirement to sell in container sizes that exist only in Canada creates an unnecessary obstacle to trade in baby food between Canada and the United States. Canada claims that the regulations are being rewritten and suggests that U.S. concerns will be addressed. However, it appears that the effort to revise the regulations has stalled, as there has been no progress for the past several years.

Finally, industry is charged with ensuring that any claims about a product being "environmentally-friendly" are accurate and in compliance with relevant legislation. In general, environmental claims that are ambiguous, misleading or irrelevant, or that cannot be substantiated, should not be used. In all cases, environmental claims should indicate whether they are related to the product itself or to the product's packaging materials. The Canadian government has issued a set of guiding principles governing the use of environmental labeling and advertising, which may be obtained by contacting Industry Canada.

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The U.S. Commercial Service Canada point of contact on standards matters is:

Michael P. Keaveny
Principal Commercial Officer
U.S. Commercial Service
U.S. Consulate General Toronto
P.O. Box 135
Lewiston, NY 14092
Tel: (416) 595-5412, ext. 222; Fax: (416- 595-5419)
E-mail: Michael.Keaveny@mail.doc.gov
Website : http://www.buyusa.gov/canada

Principal contacts concerning Canadian standards and compliance are:

Bureau de normalisation du Québec

Canadian General Standards Board

CSA International

Canadian Standards Association

Industry Canada (for federal labeling requirements)

National Center for Standards and Certification Information (NCSCI)

Office québécois de la langue française

Standards Council of Canada

Underwriters Laboratories of Canada

Underwriters Laboratories Market Access Solutions

Trade Agreements

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Canada's main trade agreement of value to U.S. exporters is the North American Free Trade Agreement (NAFTA).

Web Resources

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- Canadian Franchise Association
- Canadian Marketing Association
- Direct Marketing News
- Canada's Customs Tariff
- 2005 National Trade Estimate Report on Foreign Trade Barriers
- Canada Border Services Agency: Importing Goods Into Canada
- Canada Border Services Agency.
- Canadian Standards System.
- World Trade Organization Agreement on Technical Barriers to Trade
- Notify US
- Trade Compliance Center
- Competition Bureau Canada
- North American Free Trade Agreement Secretariat:
- Canada Border Services Agency
- CBSA's A Guide to Importing Commercial Goods
- The Canada Revenue Agency's Trilateral Customs Guide to NAFTA
- U.S. Department of Commerce NAFTA Certificate of Origin Interactive Tool

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Chapter 6: Investment Climate

Openness to Foreign Investment

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General Attitude

Strong economic fundamentals, proximity to the U.S. market, highly skilled employees, and abundant resources are key attractions for American investors in Canada. With few exceptions, Canada offers full national treatment to foreign investors within the context of a developed open market economy operating with democratic principles and institutions. Canada is, however, one of the few OECD countries that still has a formal investment review process. Foreign investment is also prohibited or restricted in several sectors of the economy.

Canada's economic development relies on foreign investment flows to a significant extent. The Canadian government estimates that foreign investors control about one-quarter of Canada's non-financial corporate assets. The stock of global foreign direct investment in Canada over the first three quarters of 2007 totaled CDN$495 billion, with U.S. investment accounting for about 65 percent of all foreign direct investment (FDI) in Canada.

The United States and Canada agree on important foreign investment principles, including right of establishment and national treatment. The 1989 Free Trade Agreement (FTA) recognized that a hospitable and secure investment climate is necessary to achieve the full benefits of reducing barriers to trade in goods and services. The FTA established a framework of investment principles sensitive to U.S. and Canadian interests while assuring that investment flowed freely between the two countries and investors were treated in a fair and equitable manner. The FTA provided higher review thresholds for U.S. investment in Canada than for other foreign investors, but the agreement did not exempt all American investment from review nor did the agreement override specific foreign investment prohibitions, notably in &cultural industries8 (e.g., publishing, film, music).

The 1994 North American Free Trade Agreement (NAFTA) incorporated the gains made in the FTA, expanded the coverage of the Investment chapter to several new areas, and broadened the definition of investors' rights. The NAFTA also created the right to binding investor-state dispute settlement arbitration in specific situations.

Legal Framework: The Investment Canada Act

Since 1985, foreign investment policy in Canada has been guided by the Investment Canada Act (ICA), which replaced the more restrictive Foreign Investment Review Act. The ICA liberalized policy on foreign investment by recognizing that investment is central to economic growth and key to technological advancement. The ICA also provided for review of large acquisitions by non-Canadians and imposed a requirement that these investments be of "net benefit" to Canada. For the vast majority of small acquisitions, as well as the establishment of new businesses, foreign investors need only notify the Canadian government of their investment.

Industry Canada must be notified of any investment by a non-Canadian to establish a new business, regardless of size; to acquire direct control of an existing business that has assets of at least CDN$5 million; or to acquire the indirect control of an existing Canadian business with assets with assets exceeding CDN$50 million in value. However, the review threshold is higher for firms from World Trade Organization (WTO) member countries, including the United States. In 2007, the review threshold for WTO members was CDN$281 million, rather than the CDN$5 million level applicable to non-WTO investors. For 2008, the review threshold is CDN$295 million.

Investment in specific sectors is covered by special legislation. For example, foreign investment in the financial sector is administered by the federal Department of Finance. Investment in any activity related to Canada's cultural heritage or national identity is administered by the Department of Canadian Heritage. Under provisions of Canada's Telecommunications Act, foreign ownership of transmission facilities is limited to 20 percent direct ownership and 33 percent through a holding company, for an effective limit of 46.7 percent total foreign ownership. The Broadcast Act governs foreign investment in radio and television broadcasting. (See below for more detail on these restrictions.)

In addition to federal regulation, investment in Canada is also subject to provincial jurisdiction. Restrictions on foreign investment differ by province, but are largely confined to the purchase of land and to provincially-regulated financial services. Provincial government policies relating to, inter alia, culture, language, labor relations or the environment, can be a factor for foreign investors.

U.S. foreign direct investment in Canada is subject to provisions of the Investment Canada Act, the WTO, and the NAFTA. Chapter 11 of the NAFTA ensures that future regulation of U.S. investors in Canada (and Canadian investors in the United States) results in treatment no different than that extended to domestic investors within each country --"national treatment." Both governments are free to regulate the ongoing operation of business enterprises in their respective jurisdictions provided the governments accord national treatment to both U.S. and Canadian investors.

Existing U.S. and Canadian laws, policies, and practices were "grandfathered" under the NAFTA except where specific changes were required. This &grandfathering8 froze various exceptions to national treatment provided in Canadian and U.S. law, such as foreign ownership restrictions in the communications and transportation industries. The Canadian government retains the right to review the acquisition of firms in Canada by U.S. investors at the levels applicable to other WTO members and has required changes before approving some investments.

The U.S. and Canadian governments are free to tax foreign-owned companies on a different basis from domestic firms, provided this does not result in arbitrary or unjustifiable discrimination. The governments can also exempt the sale of Crown (government-owned) corporations from any national treatment obligations. Finally, the two governments retain some flexibility in the application of national treatment obligations. They need not extend identical treatment, as long as the treatment is "equivalent."

Services Trade

Bilateral services trade is largely free of restrictions, and the NAFTA ensures that restrictions will not be applied in the future. However, pre-existing restrictions, such as those in the financial sector, were not eliminated by the NAFTA. The NAFTA services agreement is primarily a code of principles that establishes national treatment, right of establishment, right of commercial presence, and transparency for a number of service sectors specifically enumerated in annexes to the NAFTA. The NAFTA also commits both governments to expand the list of covered service sectors (except for the financial services covered by NAFTA Chapter 14).

Federal Procurement

NAFTA grants U.S. firms that operate from the United States national treatment for most Canadian federal procurement national treatment for most Canadian federal procurement opportunities. Inter-provincial trade barriers, however, often exclude U.S. firms established in one Canadian province from bidding on another province's procurement opportunities. As a first step in the ongoing and difficult process of reducing trade barriers within Canada, the Canadian federal, provincial, and territorial governments negotiated an Internal Trade Agreement that came into effect on July 1, 1995. The Agreement provides a framework for dealing with intra-Canada trade in ten specific sectors and establishes a formal process for resolving trade disputes. In an attempt to further reduce inter-provincial trade barriers, the provinces of British Columbia and Alberta signed a Trade, Investment, and Labor Mobility Agreement (TILMA) in 2006 to ensure that any provincial measures will not "operate to impair or restrict trade between or through the territory of the Parties, or investment or labor mobility between the Parties.8 The Agreement will come into full force in April 2009.

Besides the areas described above, the NAFTA includes provisions that enhance the ability of U.S. investors to enforce their rights through international arbitration; prohibit a broad range of performance requirements, including forced technology transfer; and expand coverage of the NAFTA investment chapter to include portfolio and intangible investments, as well as direct investment.

Investments in & Cultural Industries

Canada defines & cultural industries to include:

- the publication, distribution or sale of books, magazines, periodicals or newspapers, other than the sole activity of printing or typesetting;

- the production, distribution, sale or exhibition of film or video recordings, or audio or video music recordings;

- the publication, distribution or sale of music in print or machine-readable form; and

- any radio, television and cable television broadcasting undertakings and any satellite programming and broadcast network services.

The Investment Canada Act (ICA) requires that foreign investment in the book publishing and distribution sector be compatible with Canadian national cultural policies and be of "net benefit" to Canada. Takeovers of Canadian-owned and controlled distribution businesses are not allowed. The establishment of new film distribution companies in Canada is permitted only for importation and distribution of proprietary products. Direct and indirect takeovers of foreign distribution businesses operating in Canada are permitted only if the investor undertakes to reinvest a portion of its Canadian earnings in Canada.

The Broadcasting Act sets out the policy objectives of enriching and strengthening the cultural, political, social, and economic fabric of Canada. The Canadian Radio-television and Telecommunications Commission (CRTC) administers broadcasting policy. Under current CRTC policy, in cases where a Canadian service is licensed in a format competitive with that of an authorized non-Canadian service, the commission can drop the non-Canadian service if a new Canadian applicant requests it to do so. Licenses will not be granted or renewed to firms that do not have at least 80 percent Canadian control, represented both by shareholding and by representation on the firms' board of directors.

While Canada allows up to 100 percent foreign equity in an enterprise to publish, distribute and sell periodicals, all foreign investments in this industry are subject to review by the Minister for Canadian Heritage, and investments may not occur through acquisition of a Canadian-owned enterprise. No more than 18 percent of the total advertising space in foreign periodicals exported to Canada may be aimed primarily at the Canadian market. Canadian advertisers may place advertisements in foreign-owned periodicals, and may claim a tax deduction for the advertising costs, including in cases where the periodical is a Canadian issue of a foreign-owned periodical. One-half of advertising costs may be deducted in the case of publications with zero to 79 percent original editorial content, and the full cost of advertising may be deducted in the case of publications with advertising may be deducted in the case of publications with 80 percent or more original editorial content. This regime is the result of a 1999 agreement between the United States and Canada, which balanced U.S. publishers, desire for access to the Canadian market against Canada's desire to ensure that Canadian advertising expenditures support the production of Canadian editorial content.

Investments in the Financial Sector

Canada is open to foreign investment in the banking, insurance, and securities brokerage sectors, but there are barriers to foreign investment in retail banking. Foreign financial firms interested in investing submit their applications to the Office of the Superintendent of Financial Institutions (OSFI) for approval by the Minister of Finance. U.S. firms are present in all three sectors, but play secondary roles. Canadian banks have been much more aggressive in entering the U.S. retail banking market because there are no barriers that limit access. Although U.S. and other foreign banks have long been able to establish banking subsidiaries in Canada, no U.S. banks have retail-banking operations in Canada, which is regarded as a fairly "saturated" market. Several U.S. financial institutions have established branches in Canada, chiefly targeting commercial lending, investment banking, and niche markets such as credit card issuance.

Chapter 14 of the NAFTA deals specifically with the financial services sector, and eliminates discriminatory asset and capital restrictions on U.S. bank subsidiaries in Canada. The NAFTA also exempts U.S. firms and investors from the federal "10/25" rule so that they will be treated the same as Canadian firms. The "10/25" rule prevents any non-NAFTA, non-resident entity from acquiring more than ten percent of the shares (and all such entities collectively from acquiring more than 25 percent of the shares) of a federally regulated, Canadian-controlled financial institution. In 2001, the Canadian government raised the 10 percent limit for single, non-NAFTA shareholders to 20 percent. Several provinces, however, including Ontario and Quebec, have similar "10/25" rules for provincially chartered trust and insurance companies that were not waived under the NAFTA.

Investments in Other Sectors

Commercial Aviation: Foreigners are limited to 25 percent ownership of Canadian air carriers.

Energy and Mining: Foreigners cannot be majority owners of uranium mines.

Telecommunications: Under provisions of Canada's Telecommunications Act, direct foreign ownership of Type I carriers (owners/operators of transmission facilities) are limited to 20 percent. Ownership and control rules are more flexible for holding companies that wish to invest in Canadian carriers. Under these rules, two-thirds of the holding company's equity must be owned and controlled by Canadians.

Fishing: Foreigners can own up to 49 percent of companies that hold Canadian commercial fishing licenses.

Electric Power Generation and Distribution: Regulatory reform in electricity continues in Canada in expectation that increased competition will lower costs of electricity supply. Province-owned power firms are also interested in gaining greater access to the U.S. power market. Since power markets fall under the competency of the Canadian provinces, they are at the forefront of the reform effort. The reforms will also help to further integrate the U.S. and Canadian electricity markets.

Real estate: Primary responsibility for property law rests with the provinces. Prince Edward Island, Saskatchewan, and Nova Scotia all limit real estate sales to out-of-province parties. There is no constitutional protection for property rights in Canada. Consequently, government authorities can expropriate property after paying appropriate compensation.

Privatization: Federal and provincial privatizations are considered on a case-by-case basis, and there are no overall limitations with regard to foreign ownership. As an example, the federal Department of Transport did not impose any limitations in the 1995 privatization of Canadian National Railway, whose majority shareholders are now U.S. persons.

Investment Incentives

Federal and provincial governments in Canada offer a wide array of investment incentives that municipalities are generally prohibited from doing. None of the federal incentives are specifically aimed at promoting or discouraging foreign investment in Canada. The incentives are designed to advance broader policy goals, such as boosting research and development or promoting regional economies. The funds are available to any qualified Canadian or foreign investor who agrees to use the monies for the stated purpose. For example, Export Development Canada can support inbound investment under certain specific conditions (e.g., investment must be export-focused; export contracts must be in-hand or companies have a track record; there is a world or regional product mandate for the product to be produced).

Provincial incentives tend to be more investor-specific and are conditioned on applying the funds to an investment in the granting province. Provincial incentives may also be restricted to firms established in the province or that agree to establish a facility in the province. Government officials at both the federal and provincial levels expect investors who receive investment incentives to use them for the agreed purpose, but no enforcement mechanism exists.

Incentives for investment in cultural industries, at both the federal and provincial level, are generally available only to Canadian-controlled firms. Incentives may take the form of grants, loans, loan guarantees, venture capital, or tax credits. Incentive programs in Canada generally are not oriented toward the promotion of exports. Provincial incentive programs for film production in Canada are available to foreign filmmakers.

Conversion and Transfer Policies

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The Canadian dollar is fully convertible. The Canadian government provides some incentives for Canadian investment in developing countries through Canadian International Development Agency (CIDA) programs. Canada's official export credit agency, the Export Development Corporation (EDC), provides political risk insurance to Canadian companies with investments in foreign countries and to lenders who finance transactions pursued by Canadian companies abroad.

Expropriation and Compensation

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Canadian federal and provincial laws recognize both the right of the government to expropriate private property for a public purpose, and the obligation to pay compensation. The federal government has not nationalized any foreign firm since the nationalization of Axis property during World War II. Both the federal and provincial governments have assumed control of private firms -- usually financially distressed ones -- after reaching agreement with the former owners.

Dispute Settlement

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Canada is a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. The Canadian government has made a decision in principle to become a member of the International Center for the Settlement of Investment Disputes (ICSID). However, since the ICSID legal enforcement mechanism requires provincial legislation, the federal government must also obtain agreement from the provinces that they will enforce ICSID decisions. Although most provinces have endorsed the agreement, full agreement is unlikely in the foreseeable future.

Canada accepts binding arbitration of investment disputes to which it is a party only when it has specifically agreed to do so through a bilateral or multilateral agreement, such as a Foreign Investment Protection Agreement (see below). The provisions of Chapter 11 of the NAFTA guide the resolution of investment disputes between the United States and Canada. The NAFTA encourages parties to settle disputes through consultation or negotiation. It also establishes special arbitration procedures for investment disputes separate from arbitration procedures for investment disputes separate from the NAFTA's general dispute settlement provisions.

Under the NAFTA, a narrow range of disputes dealing with government monopolies and expropriation between an investor from a NAFTA country and a NAFTA government may be settled, at the investor's option, by binding international arbitration. An investor who seeks binding arbitration in a dispute with a NAFTA party gives up his right to seek redress through the court system of the NAFTA party, except for proceedings seeking non-monetary damages.

Performance Requirements and Incentives

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The NAFTA prohibits the United States or Canada from imposing export or domestic content performance requirements, and Canada does not explicitly negotiate performance requirements with foreign investors. For investments subject to review, however, the investor's intentions regarding employment, resource processing, domestic content, exports, and technology development or transfer can be examined by the

Canadian government. Investment reviews often lead to negotiation of a package of specific "undertakings," such as agreement to promote Canadian products.

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Investors have full rights to private ownership.

Protection of Property Rights
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Foreigner investors have full and fair access to Canada's legal system, with private property rights limited only by the rights of governments to establish monopolies and to expropriate for public purposes. Investors from NAFTA countries have mechanisms available to them for dispute resolution regarding property expropriation by the Government of Canada.

Canada has yet to ratify key treaties that protect copyright works on the Internet (the World Intellectual Property Organization (WIPO) "Internet Treaties") that the government signed in 1997. Refer to the copyright section of this report for more details. U.S. (and many Canadian) companies have complained that Canada's enforcement regime against counterfeiting and piracy, both at the border and internally, is cumbersome and ineffective, requiring civil court orders before goods can be formally seized.

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The transparency of Canada's regulatory system is similar to that of the United States. Proposed legislation is subject to parliamentary debate and public hearings, and regulations are issued in draft form for public comment prior to implementation. While federal and/or provincial licenses or permits may be needed to engage in economic activities, regulation of these activities is generally for statistical or tax compliance reasons. The Bureau of Competition Policy and the Competition Tribunal, a quasi-judicial body, enforce Canada's antitrust legislation.

Efficient Capital Markets and Portfolio Investment
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Investment in Canada’s capital markets presents no problems to investors. As described above, the markets are open, accessible, and without onerous regulatory requirements.

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Political violence occurs in Canada to about the same extent as in the United States. For example, protests at the April 2001 Summit of the Americas in Quebec City sparked violent confrontations that resulted in some property damage. Protests at the North American Leaders, Summit in Montebello, QC in August 2007 led to confrontation between police and protesters.

Corruption

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On an international scale, corruption in Canada is low and similar to that found in the United States. There have been recent investigations into inappropriate expenditure of government funds to support political activities, but this alleged activity was not related to foreign direct investment. Reports have been received, particularly from Quebec, of alleged mob activity, but again, not to the level that would require undue concern by investors. In general, the type of due diligence that would be required in the United States to avoid corrupt practices would be appropriate in Canada. Canada is a signatory to the UN Convention Against Corruption.

Bilateral Investment Agreements

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While the terms of the FTA and the NAFTA guide investment relations between Canada and the United States, Canada has also negotiated international investment agreements with non-NAFTA parties. These agreements, known as Foreign Investment Protection Agreements (FIPAs), are bilateral treaties that promote and protect foreign investment through a system of legally binding rights and obligations based on the same principles found in the NAFTA. Within Canada's overall foreign investment strategy, FIPAs complement the NAFTA. Canada has negotiated FIPAs with countries in Central Europe, Latin America, Africa, and Asia, and has over 100 international tax treaties in force.

OPIC and Other Investment Insurance Programs

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Because Canada is a developed country, the U.S. Overseas Private Investment Corporation does not operate in Canada.

Labor

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The federal government and provincial/territorial governments share jurisdiction for labor regulation and standards. Federal employees and those employed in the railroad, airline, and banking sectors are covered under the federally administered Canada Labour Code. Employees in most other sectors come under provincial labor codes. As the laws vary somewhat from one jurisdiction to another, it is advisable to contact a federal or provincial labor office for specifics, such as minimum wage and benefit requirements. In

2007, the employment rate of 63.8 percent set a record high; Canada's employment rate was higher than that of the United States and most European countries in the second quarter of 2007. Strong market conditions in some regions have created shortages of many types of skilled labor and a relative lack of people willing to take customer service jobs.

In 2007, the proportion of union membership among those in paid, non-agricultural employment was 30.3 percent. According to 2007 figures, overall union membership reflected a 17 percent unionized rate in the private sector and a 71.7 percent unionized rate in the public sector.

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Under the NAFTA, Canada operates as a free trade zone for products made in the United States. U.S.-made goods enter Canada duty free. The city of Vancouver is working to establish a free trade zone in association with its airport. The zone would be primarily for imported goods from Asia, allowing for pre-customs final assembly and for pick-and-pack services to operate outside of the Canadian customs territory. The proposed Vancouver FTZ would not apply to U.S.-made products imported into Canada under a NAFTA certificate.

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Statistics in this section are impacted by the strong appreciation of the Canadian dollar against the U.S. dollar since 2002.

The United States has long been Canada’s top foreign investor, and Canada is the second largest recipient of U.S. direct investment after the United Kingdom. At the end of 2006, Canada hosted US$237 billion in direct foreign investment from U.S. residents growing by US$13 billion (5.5 percent) during the year. U.S. investors with large direct investments in Canada include the major automakers (GM, Ford, Chrysler), integrated energy, chemical and mineral producers (e.g., ExxonMobil, ChevronTexaco, ConocoPhillips), financial services firms (e.g., Bank of America), and retailers (e.g., WalMart). Canada's total inward FDI stock was about 30 percent of GDP. The major industry sectors hosting these investments were finance/insurance (21 percent) and energy (20 percent).

Canadian residents have become increasingly active as worldwide investors, and their net international liabilities have been shrinking over the past decade relative to national income. The United States is the top destination for Canadian foreign direct investment, and Canada has consistently been one of the top ten FDI sources for the United States. In 2006, Canadian residents' foreign direct investment in the United States grew by US$16.8 billion to US$193.4 billion. Other major destinations for Canadian FDI are the United Kingdom, other European Union countries, and Japan.

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Although terms vary from one industry to another and among trading channels, U.S. manufacturers exporting to Canada generally ship on open account, and do not require letters of credit. Typical terms are a discount of 1-2 percent of the invoice if paid within ten days. U.S. firms exporting to department stores tend to offer a discount of 8-10 percent for settlement within ten days. Normal precautions in dealing with a first-time customer should be exercised, and safeguards instituted wherever possible, at least until a satisfactory relationship has been established.

U.S. firms exporting to Canada will not find any strong need for government-backed export insurance against exigencies that may typically be found in many third-country markets. The Export-Import Bank of the United States is moderately active in financing U.S. exports to Canada. With proper application of sound business principles, U.S. firms should be able to rely on commercial banks as they do in the U.S. domestic market and to avoid most of the problems that require extensive export financing insurance.

How Does the Banking System Operate Return to top

According to Canadian Bankers' Association:

- Banks play a key role in Canada's financial system and economic development. As of May 2005 the banking industry included 19 domestic banks, 49 foreign bank subsidiaries or branches operating in Canada. The top six banks managed nearly $1.8 trillion in assets.

- Banks account for over 70 percent of the total assets of the Canadian financial services sector, with the six largest domestic banks accounting for over 90 percent of the assets of the banking industry.

- Banks are among Canada's leading employers. In 2006 the industry employed over 249,000 Canadians and had a Canadian payroll of approximately $18.8 billion. In addition, in 2005 the six largest domestic banks paid $6.1 billion in taxes to all levels of government.

- Canada's banks operate through an extensive network that includes over 8,000 branches and close to 16,000 automated banking machines (ABMs) across the country; total ABMs number about 50,000. Canada has the highest number of ABMs per capita in the world and benefits from the highest penetration levels of electronic channels such as debit cards, Internet banking and telephone banking.

- The six major domestic banks also have a significant presence outside Canada, in areas such as the United States, Latin America, the Caribbean and Asia. International operations accounted for approximately 33 percent of their gross revenues in 2004.

Under NAFTA, U.S. banks also enjoy a right of establishment and a guarantee of national treatment in Canada.

Foreign-Exchange Controls Return to top

The Canadian dollar is fully convertible. Canada has no restrictions on the movement of funds into or out of the country. Banks, corporations and individuals are able to deal in foreign funds or arrange payments in any currency they choose.

U.S. Banks and Local Correspondent Banks Return to top

All major banks in Canada have the ability to do business with U.S. banks and in U.S. dollars. U.S. banks doing business in Canada are members of the Canadian Bankers Association, to which all major Canadian banks also belong.

Project Financing Return to top

U.S., Canadian and third-country banks finance large-scale projects. Canada does not qualify for project financing from any of the multilateral development banks, such as the World Bank or the Inter-American Bank for Reconstruction and Development. Overseas Private Investment Corporation (OPIC) and other U.S. Government investment and project financing programs are not available in Canada.

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Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

Canadian Bankers Association

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Chapter 8: Business Travel

Business Customs

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Business customs in Canada are very similar to those in the United States. For example, an exchange of business cards is expected. However, there are differences. Canadians are generally quite aware of news and cultural developments in the United States, much more so than most U.S. businesspeople are aware of Canadian issues or culture. Canadians are also very aware that they are not Americans and that Canada is not the United States. Quebeckers in particular are very proud of the 400-year history of French speakers in North America. U.S. business travelers to Canada should be sensitive to these and other cultural and linguistic differences and allow adequate time for the development of personal contacts in business dealings. The most important thing is to make a good first impression in any sales communication, and sell the reliability and honesty of yourself and your company before trying to sell your product or service.

Travel Advisory

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The State Department posts the latest Consular Information Sheet for Canada with information on such matters as the health conditions, crime, unusual currency or entry requirements, any areas of instability, and the location of the nearest U.S. embassy or consulate in the subject country. In addition, travel warnings are issued when the State Department recommends that Americans avoid a certain country.

Visa Requirements

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All persons entering Canada may be required to present proof of citizenship and identity. U.S. citizens are encouraged to show a U.S. passport. If they do not have a passport, they should be prepared to provide a government-issued photo ID (e.g. Driver's License) and proof of U.S. citizenship such as a birth certificate, naturalization certificate, or expired U.S. passport. U.S. citizens entering Canada from a third country must have a valid U.S. passport. A visa is not required for U.S. citizens to visit Canada for up to 180 days. Legal permanent residents of the United States are advised to carry their I-551 permanent resident card. Business travelers and dependents must also satisfy any other admission requirements of the Canadian Immigration Act.

All persons, regardless of age, flying between the U.S. and Canada must present a valid passport. At a later date, this requirement will be extended to the land and sea travel. For additional information see the links below.

Anyone seeking to enter Canada for any purpose besides a visit, (e.g. to work, study or immigrate) should contact the Canadian Embassy or nearest consulate prior to travel. In addition to other Canadian visa categories, the North American Free Trade Agreement provides for certain professionals, traders and investors, or intra-company transferees who are U.S. or Mexican citizens to be eligible for visas for temporary employment.

Anyone with a criminal record (including some misdemeanors such as Driving While Impaired (DWI) charges) may be excluded or removed from Canada, and should contact the Canadian Embassy or nearest Canadian consulate well in advance of any planned travel for further processing; this may take some time.

Further information on Canadian entry requirements for business travelers is available from the U.S. State Department webpage[LL1]: http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1082.html and the Government of Canada webpage "Entering Canada – Entry Requirements for Business Visitors." Business travelers may also check Immigration and Citizenship Canada's website or contact the Embassy of Canada or the nearest Canadian consulate.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visa information: http://www.unitedstatesvisas.gov/

U.S. Embassy Ottawa Consular Section:
http://www.usembassycanada.gov/content/content.asp?section=travel&document=index

Telecommunications Return to top

Telecommunications networks are highly sophisticated in Canada and comparable with those of the United States. Canada is integrated with the U.S. direct-dial long-distance telephone system (dial 1, the area code and the number, just like making a long-distance call in the United States). Most if not all U.S. mobile phones work in Canada, although roaming and long-distance charges may apply. Some U.S. mobile phone plans allow for roaming within Canada. All forms of communication and transmission are possible, including voice, text, data, and video, over regular phone lines, broadband and Voice over Internet Protocol (VoIP).

Transportation

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Except in remote areas of the north, Canada possesses an advanced transportation system comparable to that of the United States. An extensive air network links all major, and many minor, traffic points with adequate connections to the United States and the rest of the world. The transcontinental Canadian National Railway handles freight, while VIA Rail provides passenger service.

An excellent highway and freeway system exists within 200 miles of the U.S. border that connects with major U.S. interstate highways at the border and supports heavy truck, bus and automobile traffic. While all cities have reasonably priced public transport systems, Canada is as much an "automobile society" as is the United States. Gasoline is sold in liters in Canada, and Canadian safety standards for cars are similar to those in the United States. International highway symbols are used in Canada, and distances and speed limits are given in kilometers. Seat belts and infant/child seat restraints are mandatory in all Canadian provinces. Fines are imposed for non-use of seat belts and child restraints. Travelers renting cars in Canada in the winter should make sure that the cars have winter tires on them, since all-season tires start losing traction in cold weather.

Language

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While Canada is officially bilingual in English and French, English is spoken in every major business center in Canada including the province of Quebec, where French is the official language spoken as a first language by 80 percent of the population. The province of New Brunswick is bilingual, with the largest French-speaking population outside of Quebec. Knowledge of and appreciation of French and of the history of the French-speaking North Americans will be greatly beneficial in helping build relationships with Canadian business partners especially in Quebec.

Canada has attracted a huge influx of immigrants, many of whom speak Spanish, Mandarin, Cantonese, and a variety of Arabic dialects. One recent report indicated that the number of Spanish speakers is now approaching the number of French speakers. Large Chinese communities are found in Toronto and Vancouver that form a sizable market themselves.

Health

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Canada has no special health risks for travelers. Standards of community health and sanitation are comparable to those in the United States. Competent doctors, dentists, and specialists of all types are available, and medical training is equivalent to that in the United States. However, long waits for treatment in hospital emergency rooms, for appointments to see doctors, especially specialists, and for diagnostic tests are the norm. Also, Canadian doctors, hospitals and health providers generally do not accept

U.S. health insurance. Travelers should expect to pay in cash or by credit card, obtain a receipt and description of the treatment, and file their own insurance claims.

Most food and other consumables available in the United States can be found in Canada.

Local Time, Business Hours, and Holidays

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Canada has six time zones. Newfoundland Time is 4 1/2 hours ahead of Pacific Time. Local business hours are Monday to Friday, with the workday generally starting between 8:00 a.m. and 9:00 a.m.

Canadian federal and provincial holidays overlap some, but not all, U.S. holidays, and differ by province. Canadian federal holidays in 2008 are January 1 (New Year's Day), March 21 (Good Friday), March 24 (Easter Monday), May 19 (Victoria Day), July 1 (Canada Day), September 1 (Labour Day), October 13 (Thanksgiving Day), November 11 (Remembrance Day), December 25 (Christmas Day), and December 26 (Boxing Day).

In 2009 the holidays are January 1 (New Year's Day), April 10 (Good Friday), April 13 (Easter Monday), May 18 (Victoria Day), July 1 (Canada Day), September 7 (Labour Day), October 12 (Thanksgiving Day), November 11 (Remembrance Day), December 25 (Christmas Day), and December 26 (Boxing Day). Quebec observes January 2 and its National Day of June 24 as holidays. A holiday that falls on a Saturday or Sunday is observed the following Monday. Most of Canada will follow the U.S. with the new dates for daylight savings time in 2007.

Temporary Entry of Materials and Personal Belongings

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Business visitors to Canada may bring certain personal goods into Canada duty and tax-free, provided that all such items are declared to the Canada Border Services Agency upon arrival and are not subject to restriction. Further information on Canadian entry requirements for business travelers is available from the U.S. State Department webpage "Tips for Travelers to Canada" and Canada Border Services Agency Memorandum D2-1-1 "Temporary Importation of Baggage and Conveyances by Non-Residents."

For information on temporary entry of commercial goods and equipment, see the subchapter on Temporary Entry.

Business travelers to Canada may also be eligible for a refund of the GST/HST sales taxes paid for certain expenses in Canada such as hotel accommodations.

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Chapter 9: Contacts, Market Research, and Trade Events

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- **U.S. Embassy and Consulates in Canada**

The U.S. Commercial Service Canada's website is: http://www.buyusa.gov/canada. The U.S. Commercial Service Canada offices are:

U.S. Embassy Ottawa
U.S. Commercial Service
United States Embassy
PO Box 866, Station "B"
Ottawa, Ontario K1P 5T1
Tel: (613) 688-5217
Fax: (613) 238-5999
Contact: Stephan Wasylko, Minister Counselor for Commercial Affairs
E-mail: Ottawa.office.box@mail.doc.gov

U.S. Consulate General Calgary
U.S. Commercial Service
615 Macleod Trail SE, Suite 1000
Calgary, Alberta T2G 4T8
Tel: (403) 265-2116
Fax: (403) 266-4743
Contact: Sharon Atkins, Senior Commercial Specialist
E-mail: Calgary.office.box@mail.doc.gov

U.S. Consulate General Montreal
U.S. Commercial Service
Place Felix Martin, 19th Floor
455 Rene Levesque Blvd West
Montreal, Quebec H2Z 1Z2
Tel: 514/398-0673
Fax: 514/398-0711
Contact: Pierre Richer, Senior Commercial Specialist
E-mail: Montreal.office.box@mail.doc.gov

U.S, Consulate General Toronto
U.S. Commercial Service
480 University Avenue, Suite 602
Toronto, Ontario M5G 1V2

Tel: (416) 595-5412, ext. 221
Fax: (416) 595-5419
Contact: Michael Keaveny, Principal Commercial Officer for Commercial Affairs
E-mail: Toronto.office.box@mail.doc.gov

U.S. Consulate General Vancouver
U.S. Commercial Service
1095 W. Pender Street, 21st Floor
Vancouver, British Columbia V6E 2M6
Tel: (604) 685-3382 ext. 278
Fax: (604) 687-6095
Contact: Cheryl Schell, Senior Commercial Specialist
E-mail: Vancouver.office.box@mail.doc.gov

- **Chambers of Commerce**

The American Chamber of Commerce in Canada

Canadian Chamber of Commerce

- **Canadian Trade and Industry Associations**

Aerospace Industries Association of Canada (AIAC)

Canadian Manufacturers and Exporters

Automotive Industries Association of Canada

CATA Alliance (Canadian Advanced Technology Association)

Canadian-American Business Council

The Canadian Association of Importers & Exporters

Canadian Franchise Association

Canadian Marketing Association

Information Technology Association of Canada (ITAC)

Canadian Association of Defence and Security Industries (CADSI)

- **Federal Canadian Government Contacts in Canada**

Canadian Federal Departments and Agencies Portal

Department of Agriculture and Agri-food Canada

Foreign Affairs and International Trade Canada

Industry Canada

Public Works and Government Services Canada

Canada Revenue Agency

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

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Please click on the link below for information on upcoming trade events.

U.S. Government Export Portal Trade Events Calendar:
http://www.export.gov/tradeevents/index.asp

U.S. Commercial Service Canada:
http://www.buyusa.gov/canada/en

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

U.S. Commercial Service Canada: www.buyusa.gov/canada

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: http://www.export.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.